

U.S.-Iranian Contacts Are Said to Disappoint White House

By Walter Pincus
Washington Post Service

WASHINGTON — The White House believed in September 1985 that it had arranged the release of at least two and possibly all six American hostages held by a pro-Iranian group in Lebanon after permitting two plane-loads of arms to be shipped from Israel to Tehran, according to Israeli sources. But the release of only the Reverend Benjamin Weir on Sept. 14, 1985, was the first of several bitter disappointments suffered by President Ronald Reagan and his aides, the sources said Tuesday.

Although during the next 14 months the Iranians repeatedly promised more than they delivered, the White House was reluctant to believe that Tehran and the pro-Iranian Islamic Jihad in Lebanon were being duplicitous, the sources added.

For four days after Mr. Weir's release, Mr. Reagan withheld the

news in the hope that other hostages would be freed, according to one source. Mr. Weir was taken to the U.S. naval base in Norfolk where he was questioned for up to 12 hours by officers considering a mission to rescue the other hostages, the sources said.

Such planning eventually was dropped because of concern that the hostages were being moved too frequently for U.S. forces to launch such an attempt, the sources said.

Mr. Weir and five other hostages were held by Islamic Jihad, which wanted to use the Americans to free 17 guerrillas imprisoned in Kuwait for bombings there.

After Mr. Weir, two more of those hostages were released, reportedly after additional arms shipments were made. The Reverend Lawrence M. Igo was freed in July, followed by David P. Jacobsen on Nov. 2.

As in the past, the White House expected at least one more hostage

to appear with Mr. Jacobsen, the sources said.

The program initially was run by the then-national security adviser, Robert C. McFarlane, who continued to play an active role after leaving the government, the sources said.

One source said that the White House officials were warned by other administration officials that "once the program started, the Iranians would stretch it out for as long as they could."

Although the White House program has permitted arms to go to Iran, contrary to the stated U.S. policy of embargoing weapons supplies to Tehran, it has not asked Kuwait to release its prisoners.

Islamic Jihad is still believed to hold Terry A. Anderson and Thomas M. Sutherland, William Buckley, a former political officer at the U.S. Embassy in Beirut also was held by the group, although some reports say he has been killed.

It also was learned Tuesday that in response to a cash ransom demand, the United States earlier this year authorized an attempt to negotiate for the release of Peter Kilburn, a librarian at the American University of Beirut who was seized in December 1984.

A U.S. official said that Mr. Kilburn was picked up originally "by thugs," who abducted him for money rather than for any political cause.

Subsequent negotiations over money for Mr. Kilburn's release were never concluded, sources said.

Some officials say that Mr. Kilburn was sold to a pro-Libyan group in early April, when there were rumors that Washington planned to take some action against the Libyan leader, Colonel Muammar Qaddafi, for supporting terrorism.

After the U.S. raid in mid-April, Mr. Kilburn and two Englishmen were found dead and a pro-Libyan group asserted that the execution was a reprisal.

Three American hostages have been seized in Beirut since September and U.S. officials are not certain which groups are holding them.

White House sources, defending the covert arms-for-hostages program, have pointed out that Islamic Jihad itself has not taken any additional Americans since the mid-1985 discussions began.

However, other U.S. officials critical of the program noted Tuesday that someone claiming to be from Islamic Jihad originally took credit for the kidnapping on Sept. 9 of Frank H. Read.

On Monday, the Revolutionary Justice Organization said it was holding Joseph J. Cicippio, who was seized on Sept. 12, and Edward A. Tracy, who was taken Oct. 21.

Italy Probes Arms Transit

Prime Minister Bettino Craxi ordered an inquiry Tuesday into re-

ports that an Italian port was used for U.S. arms shipments to Iran without the knowledge of the Italian government. The New York Times reported from Rome Tuesday that Italian officials are not certain which groups are holding them.

White House sources, defending the covert arms-for-hostages program, have pointed out that Islamic Jihad itself has not taken any additional Americans since the mid-1985 discussions began.

However, other U.S. officials critical of the program noted Tuesday that someone claiming to be from Islamic Jihad originally took credit for the kidnapping on Sept. 9 of Frank H. Read.

On Monday, the Revolutionary Justice Organization said it was holding Joseph J. Cicippio, who was seized on Sept. 12, and Edward A. Tracy, who was taken Oct. 21.

Italy Probes Arms Transit

Prime Minister Bettino Craxi ordered an inquiry Tuesday into re-

ports that an Italian port was used for U.S. arms shipments to Iran without the knowledge of the Italian government. The New York Times reported from Rome Tuesday that Italian officials are not certain which groups are holding them.

White House sources, defending the covert arms-for-hostages program, have pointed out that Islamic Jihad itself has not taken any additional Americans since the mid-1985 discussions began.

However, other U.S. officials critical of the program noted Tuesday that someone claiming to be from Islamic Jihad originally took credit for the kidnapping on Sept. 9 of Frank H. Read.

On Monday, the Revolutionary Justice Organization said it was holding Joseph J. Cicippio, who was seized on Sept. 12, and Edward A. Tracy, who was taken Oct. 21.

Italy Probes Arms Transit

Prime Minister Bettino Craxi ordered an inquiry Tuesday into re-

WORLD BRIEFS

Riots Resume as Karachi Curfew Ends

KARACHI, Pakistan (Reuters) — Rioting flared here Wednesday between ethnic minorities, injuring five persons, immediately after authorities lifted a curfew that had been in effect since the morning. The authorities rushed troops and police said 14 persons were arrested. The authorities rushed troops and police said 14 persons were arrested. The authorities rushed troops and police said 14 persons were arrested.

Sri Lankan Budget Report Is Gloomy

COLOMBO, Sri Lanka (Reuters) — The ethnic strife in Sri Lanka has slowed economic growth, fostered inflation and left many people jobless, the finance and planning minister, Ronnie de Mel, said Wednesday.

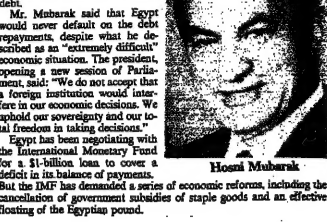
Mr. de Mel said in a gloomy budget speech to Parliament that the real gross domestic product would grow by 4 percent this year, compared with 5 percent in 1985. Inflation will be 7 percent in 1986, compared with 1.5 percent last year, he said. Unemployment (51 billion) will be 15 percent in 1986, he said. The government's military spending in 1986 would be 5 percent of the gross domestic product, compared with 1.5 percent in 1978. He said the increased military spending had pushed the budget deficit to 22.7 billion rupees (\$1 billion) from expenditures of 69.2 billion rupees and revenues of 40.5 billion rupees.

Egypt Resists Pressure on Economy

CAIRO (UPI) — President Hosni Mubarak said Wednesday that Egypt will resist foreign pressure to speed up economic reform in talks with donor nations about rescheduling its \$30-billion foreign debt.

Mr. Mubarak said that Egypt would never default on the debt repayments, despite what he described as an "extremely difficult" economic situation. The president, opening a new session of Parliament, said: "We do not accept that a foreign institution would interfere in our economic decisions. We uphold our sovereignty and our national freedom in taking decisions."

Egypt has been negotiating with the International Monetary Fund for a \$1-billion loan to cover a deficit in its balance of payments. But the IMF has demanded a series of economic reforms, including the cancellation of government subsidies of staple goods and an effective floating of the Egyptian pound.



Comecon Leaders End Moscow Talks

MOSCOW (WP) — Leaders of Comecon, the 10-nation East-West trading group, ended a two-day meeting here Tuesday with a pledge to raise living standards through more intensive "economic, scientific and technological cooperation," the Soviet press agency Tass reported.

The brief report said the leaders agreed to meet again in June 1987. The meeting was held a week after a meeting in Bucharest attended by the prime ministers of the Comecon countries.

While international relations were on the agenda, East and West European countries reported more cooperation. The Soviet leader, Mikhail S. Gorbachev, has intensified efforts by his predecessors to coordinate the East bloc economies.

180 Drown as Haitian Ferry Sinks

PORT-AU-PRINCE, Haiti (AP) — A ferry apparently overloaded with passengers sank in the Bay of Port-au-Prince and at least 180 people drowned, the authorities said Wednesday.

The Haitian navy said Tuesday that the 50-foot (about 15-meter) boat, Okele, sank off the bay of Gonaïves, 30 miles (48 kilometers) west of Port-au-Prince. The boat was making its daily crossing at the time.

Radio Soliel, a Roman Catholic station, reported that its correspondent on the island of Gonaïves said that the vessel apparently was carrying too many passengers for its size.

U.S. Army Pilfering Called Extensive

WASHINGTON (UPI) — A decorated veteran of the U.S. Army's elite Rangers unit, indicted for stealing tons of grenades, anti-tank rockets and plastic explosives, testified Wednesday that military pilfering is rampant at all levels of the army.

"Pilfering is army-wide, almost soldier-wide," Shawn Helmer, a former ammunition officer at Fort Lewis, Washington, told a congressional task force led by Senator Peter Wilson, Republican of California. "As far as fighting units, the stealing of ammunition and explosives 'took place from the private level on up,'" Mr. Helmer said.

The task force is studying military theft in the wake of Kitty Hawk scandal in which \$10 million in weapons and spare parts were smuggled to Iran from navy supply centers.

For the Record

Vladimir M. Molotov was quietly buried on Wednesday at Moscow's Novodevichy cemetery by his family and friends. No Soviet official attended, and military guards kept Western correspondents from approaching the cemetery. Mr. Molotov died Saturday at the age of 96. (AP)

Iraqi warplanes struck deep into Iran for the second consecutive day Wednesday, and reports in Tehran said up to 25 persons were killed in early morning raids. (Reuters)

The Organization of American States passed a resolution in Guatemala City on Tuesday backing Argentina's opposition to Britain's plan to impose a 200-nautical-mile fishing exclusion zone around the Falkland Islands beginning Feb. 1. (AP)

ARMS: Negotiators End Round

(Continued from Page 1)

final overall agreement, the most serious being what he called the Russians "artificially" making progress in one negotiation area to stall progress in another.

The Soviet Union has apparently reversed an earlier agreement, reached at the Geneva summit meeting last November, to seek an interim agreement on medium-range missiles.

Washington said about reports from last week had involved major disagreements that could seriously hamper the talks. Mr. Kampelman replied: "It's obvious from my statement here that that is not accurate."

Acknowledging that "the arguments have on occasion been intense," he added, "I was present in Vienna, and I must say to you that reading the report led me to wonder about the reliability of the source for that report and I simply did not recognize the meeting that I read about, based on my experience."

Moscow Reports Train Crash

MOSCOW — Two passenger trains collided in a small Ukrainian station last week, the official Tass press agency reported Wednesday.

Tass said the accident, on Nov. 6 at Korostovka, near Kirovograd, caused injuries and deaths but it did not give figures.

ARABS: U.S. Contacts With Iran Worry Moderates

(Continued from Page 1)

called Washington's "duplicitous policy toward the Iran-Iraq war."

"By negotiating with a state sponsoring terrorism, Iran, the administration has tied through its teeth to the whole world, including its own people," the editorial said.

Speaking by telephone from Kuwait, a European diplomat said there had been no official statement by the Kuwaiti government. But he added: "They are worried about what they perceive as a shift in the balance of power toward Iran. They are keeping their

Chirac Denies He Implicated Israelis in Plot

over the Gulf and Iraq is playing its role as a barrier to stop this," the official said. "We thought our friends could understand this. It is destabilizing the region and turning another pro-Western, moderate Arab state."

Another Arab source with ties to Baghdad disputed assertions that contacts with Iran were intended to bolster moderate elements in Tehran.

"Personally, I don't believe supplying arms will help the moderates," he said. "The people who want arms are not moderates."

FRANCE: Releases Boost Chirac

(Continued from Page 1)

point to make a virtue of necessity. Mr. Chirac has hardened and expanded his argument as he has gone along, as his session with Mr. Shultz on Friday and an interview with The Washington Times last week both indicated.

Mr. Chirac told The Washington Times that West German officials had indicated that Israeli agents may have been behind the attempt

Embassy Suggests Mongoose Sniffers

place the German shepherd dogs now used at the international airport in Colombia.

The embassy described mongooses as animals that are "cheap to obtain and keep, are intelligent and possess a keen sense of smell, and are culturally acceptable to Moslems and other groups who object to dogs."

Ulester Protestant Group Holds Anti-Accord Rally

BELFAST — Led by men in paramilitary uniforms, 1,000 Protestants paraded through the streets of Belfast on Tuesday night in the first public show of strength by the new Ulster Resistance organization formed to oppose the British-Irish agreement.

Policemen and 200 soldiers stood by in case of violence but the march through the largely Protestant village 40 miles (60 kilometers) south of Belfast took place without incident.

BRIDGE'S BIRTHDAY

Lights adorning the eight-and-a-quarter-mile San Francisco-Oakland Bay Bridge. The bridge's cables were illuminated for the celebration of the 50th anniversary of its opening on Nov. 12, 1936.

Forget them not.

You've shared so many memories with so many people in the States. It would be a shame to leave them all behind. So pick up the phone. And let AT&T help you pick up where you left off.

AT&T

Embassy Suggests Mongoose Sniffers

WASHINGTON (UPI) — The U.S. Embassy in Sri Lanka has proposed that the State Department fund a one-year project to train mongooses to sniff out drugs.

In a cable last week to the Secretary of State George P. Shultz, the embassy recommended that the well-known mammals be trained to re-

place the German shepherd dogs now used at the international airport in Colombia.

The embassy described mongooses as animals that are "cheap to obtain and keep, are intelligent and possess a keen sense of smell, and are culturally acceptable to Moslems and other groups who object to dogs."

FOR THE RECORD

Vladimir M. Molotov was quietly buried on Wednesday at Moscow's Novodevichy cemetery by his family and friends. No Soviet official attended, and military guards kept Western correspondents from approaching the cemetery. Mr. Molotov died Saturday at the age of 96. (AP)

Iraqi warplanes struck deep into Iran for the second consecutive day Wednesday, and reports in Tehran said up to 25 persons were killed in early morning raids. (Reuters)

The Organization of American States passed a resolution in Guatemala City on Tuesday backing Argentina's opposition to Britain's plan to impose a 200-nautical-mile fishing exclusion zone around the Falkland Islands beginning Feb. 1. (AP)

ARMS: Negotiators End Round

(Continued from Page 1)

serious about continuing the talks it must "display readiness to take practical measures to work out an agreement on eliminating all existing nuclear weapons within 10 years."

Mr. Kampelman noted that both sides were ready to adhere to the ABM treaty for 10 years, although conditions surrounding that commitment continue to divide us.

Mr. Kampelman cautioned, however, that "significant differences" barred the conclusion of a

Soviet Marshal in Budapest

BUDAPEST — Marshal Viktor G. Kulikov, the Soviet command-in-chief of the Warsaw Pact, arrived on a one-day working visit Wednesday to Budapest, the official Hungarian press agency MTI said.

FOR THE RECORD

Vladimir M. Molotov was quietly buried on Wednesday at Moscow's Novodevichy cemetery by his family and friends. No Soviet official attended, and military guards kept Western correspondents from approaching the cemetery. Mr. Molotov died Saturday at the age of 96. (AP)

Iraqi warplanes struck deep into Iran for the second consecutive day Wednesday, and reports in Tehran said up to 25 persons were killed in early morning raids. (Reuters)

The Organization of American States passed a resolution in Guatemala City on Tuesday backing Argentina's opposition to Britain's plan to impose a 200-nautical-mile fishing exclusion zone around the Falkland Islands beginning Feb. 1. (AP)

ARMS: Negotiators End Round

(Continued from Page 1)

serious about continuing the talks it must "display readiness to take practical measures to work out an agreement on eliminating all existing nuclear weapons within 10 years."

Mr. Kampelman noted that both sides were ready to adhere to the ABM treaty for 10 years, although conditions surrounding that commitment continue to divide us.

Mr. Kampelman cautioned, however, that "significant differences" barred the conclusion of a

Soviet Marshal in Budapest

BUDAPEST — Marshal Viktor G. Kulikov, the Soviet command-in-chief of the Warsaw Pact, arrived on a one-day working visit Wednesday to Budapest, the official Hungarian press agency MTI said.

OPINION

A Talk With Mario Cuomo Between Tough Campaigns

By Anthony Lewis

BOSTON—Mario Cuomo won 65 percent of the votes in New York, but his campaign drew much criticism. Mean and selfish, I called it in a column after the election. That comment brought a call from Governor Cuomo. "I am a trial lawyer," he said in the telephone call. "Maybe that's why I'm so combative-sounding and am called a bully. I'm used to the courtroom. Martha says that at dinner on a good day I sound like an affidavit."

"In the courtroom you can't use hearsay. But in the press, if someone starts saying it 16 columns ago it goes on."

It was an unusual call: not the standard politician's lament but a stream of facts and musings, delivered with gusto and laughter. From the campaign past it went on to the future: to 1992.

He began with complaints that he was rough in challenging the candidacy of an outsider, Abe Hirschfeld, for lieutenant governor, and in demanding that the Republican candidate for governor, Andrew O'Rourke, disclose his tax returns and his law clients before debating him.

"Mean? I don't think so. Hirschfeld we put to the same test as Lyndon LaRouche. When they challenged Hirschfeld's positions, I asked if they had evidence of fraud. They said they had 400 affidavits—400! Three times editorialists in the New York Times said the allegations of fraud were technicalities. Three times the courts disagreed."

"O'Rourke I handled badly. I was for disclosure, but I shouldn't have made it a condition. We did have one debate. But he did not accept the debate, although way ahead, he did little to help other Democrats—in particular to help Mark Green, who lost badly in the Senate race to the conservative Republican incumbent, Alfonse M. D'Amaio."

"Mark Green's a friend of mine," the governor said. "I gave him \$50,000 of my own money. The last three days I campaigned with him every day. I look on D'Amaio. There's no way I could have done more for him."

He said much more about the Senate race, going back to the primary and before that. When the governor passed, I asked whether his sensitivity to criticism of this campaign indicated that he was thinking of national office.

"People expect Byzantine, Machiavellian logic from politicians," he said. "But the truth is simple. Trial lawyers learn a good rule. Don't decide what you don't have to decide. That's not evasion, it's wisdom."

"I don't have the right to say, I won't consider national office. That would be arrogance. But if you wanted to lay the groundwork for a national campaign."

there would have been a dozen things to do that I didn't do. New Hampshire: I was there for the governors' conference. What would have been the harm of a little speech? California: Let the people there give me the fund-raiser they wanted. I did go to Florida for Bob Graham and Texas for Mark White—I could have gone all over the place. Now you win, you set all kinds of records... I have no choice but to think about it."

"But the criterion will not be, 'Do I have fire in my belly?' The first guy who has fire in the belly I'm voting against! Who needs the presidency? The worst sin would be going because I need it."

The test should be: Is there anyone who can do it better, or at least as well, who has the same chance or a better chance to win? If that's the test, I wouldn't be the least bit surprised if I concluded that there are better people out there. Or that I've left it too late."

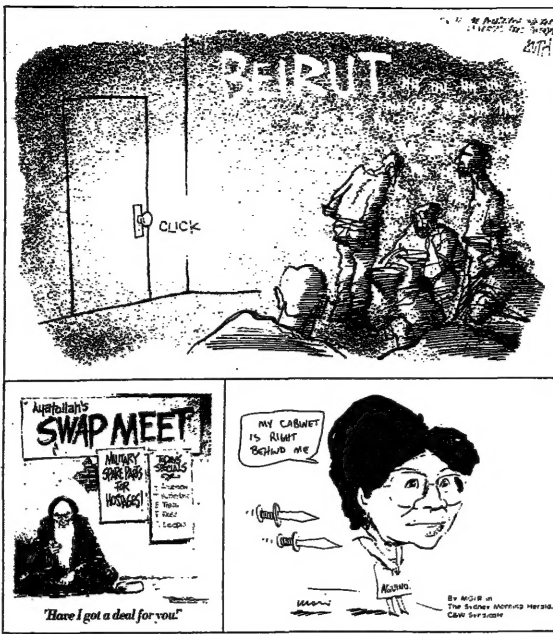
"I don't expect people to believe me. There are patterns in this world; people want things. Look at the governors of New York: Grover Cleveland, Franklin Roosevelt, Dewey, Hartman."

"There are more interesting things to talk about in this country. Think of the economic problems—agriculture, a disaster; manufacturing, our trade imbalance, the budget deficit, the monetary problem of Mexico, Brazil."

"The whole country is losing its productive capacity... We want to spend \$1.5 trillion on defense, and surely, a disaster; manufacturing, our trade imbalance, the budget deficit, the monetary problem of Mexico, Brazil."

"The notes I made, and the space available to reproduce them, do not really capture the essence of his conversation. Mario Cuomo may not be perfectly consistent but he is interesting."

The New York Times.



LETTERS TO THE EDITOR

Allegedly on the Fence

I note with some frustration on your front page of Oct. 29 that the Syrian involvement in an attempt to blow up an Israeli airliner remains merely "alleged," and also that the fact about Kurd Waldheim's wartime activities still rests on nothing more substantial than allegations. If a British court judgment (on Syria) and documentary proof (about Mr. Waldheim) cannot get you off your fence, what has to happen before you can tell your readers that something has ceased to be hearsay and has become fact? Perhaps you next will begin referring to Ronald Reagan as the alleged president of the United States?

HANS R. REINHARDT, Geneva.

Nakase and the Emperor

Can we please get this straight, then lay it to rest? Prime Minister Yasuhiro Nakase of Japan did not denigrate ethnic diversity. He did not claim that blacks and Hispanics fail to enrich, even to excel, in many areas of American life. He did not call them second-class citizens. He merely pointed out that their academic performance is inferior to that

of other groups, which is undeniable. Reaction in the West was typical of a society that has lost the nerve to admit that the emperor is naked.

ANTHONY C. SMITH, Megève, France.

The Long-Haul Story

Roger Collis, in "More Airlines Flying Nonstop on Popular Long-Haul Routes" (Sept. 26), claimed that Japan Air Lines and Air France were the first to inaugurate nonstop flights from Europe to Japan. This is not true. Finnair opened a scheduled nonstop route from

Helsinki to Japan, flying over the North Pole, as early as April 1983, three years before the two airlines mentioned.

USKO MAATTA, Press Secretary, Finnair, Helsinki.

The article overlooked the significant role played by Thai International and the city of Bangkok in long-haul flights. Two-way, nonstop service between Bangkok and Europe was started by Thai International in April 1977, when Bangkok-Athens flights were established using DC-10-30 aircraft. After adding the B747-200 to its fleet, Thai

International began nonstop service to and from Rome in December 1979. Overflight rights secured from the Soviet Union permitted nonstop operations between Bangkok and Copenhagen (October 1981) and Bangkok and Frankfurt (April 1982).

SAS began nonstop Bangkok-Stockholm service in January 1983 and Thai International in October 1986. Lufthansa offers nonstop service on the Bangkok-Munich route, and Finnair on the Bangkok-Helsinki route.

N. LUMHOLT, Vice President, Thai Airways International, Bangkok.

Washington Post Writers Group

Washington Post Writers Group

General News

At a U.S. University, a Costly Quest for Glamour Backfires

By William E. Schmidt

New York Times Staff Writer

COLUMBIA, South Carolina—For officials at the University of South Carolina, it began as a matter of academic strategy: To gain national visibility, they would hire well-known public figures as lecturers and part-time teachers.

But in recent weeks, James B. Holderman, the university president, and a number of "distinguished visiting professors," including Ilham Sadat, the widow of the Egyptian leader, and Lyn Nofziger, a former top political aide to

President Ronald Reagan, have found themselves at the center of an argument here.

As the result of a judge's ruling in a lawsuit filed by a student journalist, school officials disclosed last month that they had paid hundreds of thousands of dollars in public funds to salaries and expenses to a small group of visiting lecturers and professors.

In a state so hard up for money that public employees are facing a mandatory pay freeze, and where tuition for university students has been raised twice in the last two

years, the disclosures about the salaries to visiting lecturers have aroused anger on and off campus.

But university officials defended the practice, saying that it creates excitement on campus and helps draw private contributions.

The largest sum for visiting lecturers, about \$13,000 in salary and expenses, including flights to and from Cairo, was paid to Mrs. Sadat for three semesters she spent lecturing to one class a week.

Mr. Nofziger and others, including Robert MacNeil and James Lehrer, the public television news commentators, and Howard Simon, the former managing editor of The Washington Post, are each receiving \$30,000 to \$45,000 this semester to appear on campus one to three times a month.

Jonathan Knight, associate secretary of the American Association of University Professors in Washington, said the group lacked national data on such salaries, but that he believed the sums being paid in South Carolina to be unusually high.

The average salary of a professor at the University of South Carolina is \$34,100 a year, and the salary of its president, Mr. Holderman, is \$84,000, according to Debra Allen, a university spokeswoman.

In defending the salaries paid to visiting lecturers and professors, Chris Vlahopoulos, the executive vice president for administration, said: "There's no question that it's helpful, just as it's helpful to have a winning football team. And we put a lot of money into that, too."

According to statistics provided by the university, its endowment fund has grown to \$34 million from \$3.9 million in 1977.

Menopause: An Advantage Men Have to Cope Without

By Ellen Goodman

BOSTON—I have a friend who is in his late 40s and trying to decide whether he wants to have children. This is not exactly a new question in his life. He has talked about it through 10 years and 10 relationships. Talked about it with women who were not quite ready, with women who were eager and with women who had already had their fill.

Another friend is just past 50, just past one divorce settlement and three college lawsuits. The current and younger woman in his life now wants to begin

up those options. Which is, when you come to think of it, an advantage.

If a number of single American men suffer from what the pop psychologists call the Peter Pan syndrome, it may be biology that has destined them for Never Land. There, for some, rooted in this lifelong fertility, the sense that as fatherhood is open-ended so is life. It allows some men to postpone so much, even marriage.

I do not want to exaggerate this. I don't believe that fertility makes most men less aware of mortality. But it makes it marginally easier for men than for women to be alienated from their own life cycle. It makes it marginally easier for them to postpone parenthood and also to push off the realization of coming age.

The physical symptoms of menopause in the current jargon include a pulled muscle, a gray hair, an elevated cholesterol count. As midlife men vie with limits. A 45-year-old will never again be the "youngest success" at anything; indeed, he may never live up to his own expectations. But this is not a demarcation line. There is no clear change of life. There remains, at least in theory, the biological ability to start, or start again, to create. This possibility dangles over some men's lives in ways that do not always work in their favor.

Women are hardly without biological options. They have, for the most part, 20 or 25 years before they run out. But the knowledge that fertility is finite gives a contour to a woman's life. It heightens her sense of urgency. It may even help her to feel more in sync with each stage.

In this age, our pouches are not as tied to our biology as in the past. There are millions of us who choose to delay options by sterilization. But I suspect that this biological difference lingers.

What I have witnessed is not only the indecisiveness of my two middle-aged male friends, but the shock that senior citizenship brings to their elders. It seems to me that men have a much harder time coming to terms with retirement and old age than do women.

Age seems to spring upon some men. Women, on the other hand, have an earlier warning system built in. It may be easier for men to postpone the realization of age and harder to cope with it when it inevitably arrives.

I offer no solution for this imbalance and, no, I do not wish menopause upon my friends. They will have to make do with their minds. But for most of time menopause has been looked upon as a female disadvantage. From my listening post, I am not so sure. Not so sure at all.

Washington Post Writers Group



Chirac Bill Would Bar Automatic Citizenship To Foreigners' Children

By Richard Bernstein
New York Times Service

PARIS — France's conservative government, faced with public concern over the presence of large numbers of foreigners in France, proposed a law Wednesday that would change the definition of a French citizen.

For the last 59 years, any person born in France, even if both his parents were foreigners, automatically became French, provided he had lived in this country for at least 5 years.

If approved by Parliament, the law would take away the right to automatic citizenship, requiring such people to apply for French citizenship before a judge. There are about 17,500 of these people among the 100,000 people who become naturalized French citizens each year.

The text of the new law, adopted at a cabinet meeting Wednesday, was criticized by President François Mitterrand, a Socialist, on the ground that it would "marginalize" thousands of young people, born of

foreign parents, who he said, "are already torn between two cultures."

But the government's adoption of the change seemed a response to a powerful wave of anti-foreign sentiment in this country, fueled in part by the rise of the extreme-rightist National Front.

The front, which has 34 seats in the National Assembly, has used the alleged threat posed by foreigners to France's cultural identity to become a major force in this country.

"Whether we are Jews, Christians, Protestants or Moslems, we are above all French," Prime Minister Jacques Chirac said in a speech to Jewish leaders over the weekend.

"It is for that deep reason that the government wants the acquisition of French citizenship not simply to be automatic, but to result from a choice that commits the individual."

The text of the law has been the focus of sharp debate in France for several months.



François Mitterrand

Numerous groups, including the Socialist Party, various religious leaders and a majority of the labor unions are highly critical of the proposed change. But it is expected to be approved by the Parliament, where Mr. Chirac has a majority.

France has over the past half century absorbed hundreds of thousands of immigrants, including wartime Jewish refugees from Eastern Europe, Indo-Chinese boat people, large numbers of Portuguese and Spaniards, and by far the largest Arab population in any European country.

U.S. Bishops Voice Respect For Vatican On Discipline

The Associated Press

WASHINGTON — The National Conference of Catholic Bishops, after a long discussion of "misunderstandings" within the church, said Wednesday that the Vatican's disciplining of a fellow bishop "deserves our respect and confidence."

The statement was released after five hours of private meetings Tuesday and Wednesday in which several bishops pressed for at least a mild protest of the Vatican action. Others argued that such a step would be improper and an embarrassment to Pope John Paul II.

The action concerned Archbishop Raymond G. Hunthausen of Seattle, who recently was ordered by the Vatican to turn over much of his authority to an auxiliary, Bishop Donald Wuerl.

Church officials in Rome had judged Archbishop Hunthausen to be too liberal in such matters as ministering to homosexuals and divorced Catholics and dispensing absolution for sins to large groups.

The American bishops, in a statement read by their president, Bishop James W. Malone of Youngstown, Ohio, said, "The issues raised here touch on the relationship between the local church and the universal pastor," the pope.

Bishops exercise their office in communion with him and under his authority. "On this occasion, the bishops of the United States wish to affirm unreservedly their loyalty to and unity with the Holy Father," the statement said.

"With specific reference to Seattle, while we are not authorized to judge the facts of the case, I believe it is clear that the process employed by the Holy See was in accord with general principles of church law and procedures," said the statement read by Bishop Malone.

"The decision reached at the end of the process was made by proper church authorities. As such, it deserves our respect and confidence."

"While there appear to have been misunderstandings at one point or another along the way, the need now is to look to the future, not the past, and carry out the decision," he said.

Archbishop Hunthausen, in a statement released after the meeting, said he had asked the bishops to help him resolve the controversy. He also criticized the secrecy of the Vatican investigation, saying he was not allowed to see the formal report or face his accusers.



Queen Elizabeth II, accompanied by the Duke of Edinburgh, arriving at Westminster Hall to open Parliament.

Tax Cut, Sale of Firms Is Pledged in Britain

Reuters

LONDON — The British government pledged Wednesday to sell companies with a combined turnover of £13 billion (\$18.5 billion) will mean a 40 percent reduction in the state sector since 1979.

In a ceremony full of pomp and pageantry rooted in 1,000 years of British history, Queen Elizabeth II announced the main points of the government's program, which essentially continued present policies.

Political commentators noted that the program was relatively modest, adding to speculation that the Conservative government of Prime Minister Margaret Thatcher intended to call early elections next year.

The government repeated its intention to cut public spending as a proportion of national income from 44 percent at present to 41.5 percent in 1989-90.

This would allow the government to deliver on its promise of reducing the basic rate of income tax from its current level of 25 percent, although no timetable has been set.

The target announced in March was 25 percent.

The process of selling off state industries and utilities is to be continued with shares to be issued over the next 12 months in British Gas PLC, British Airways, Rolls-Royce

Ltd. and the British Airports Authority.

The privatization of the four companies with a combined turnover of £13 billion (\$18.5 billion) will mean a 40 percent reduction in the state sector since 1979.

Major new features of domestic legislation will include a criminal justice bill allowing the assets of convicted criminals to be confiscated and an increase in penalties for possession of firearms.

The government also underlined its continued commitment to arms control and the fight against international terrorism.

The queen restated the government's obligation to the people of its Falkland Islands colony but said Britain would continue to seek more normal relations with Argentina.

Britain and Argentina went to war over the islands in 1982.

Relations with Argentina have taken a turn for the worse since Britain decided last month to unilaterally declare a fishing restriction zone around the Falklands, drawing a protest from Buenos Aires.

The queen also restated Britain's commitment to Gibraltar and to continuing the negotiations begun with Spain in 1984 over the status of the colony and on economic cooperation.

Soviet Accuses Pretoria in Jet Crash

The Associated Press

MOSCOW — A Soviet civil aviation official accused South Africa on Wednesday of using a high-powered radio transmitter to scramble instruments aboard the plane that crashed last month, killing Mozambique's president.

The deputy aviation minister, Ivan F. Vasin, did not say whether the Soviet Union had specific evidence to back the claim, which he called "the only conclusion" that could explain the crash Oct. 19 that killed President Samora Machel and 35 others.

Mr. Machel was flying in a Soviet-made TU-134 jet, piloted by a Soviet crew, when it crashed inside the South Africa-Mozambique border after straying off course during an approach to Maputo airport in Mozambique.

Mr. Vasin dismissed the possibility that instruments aboard the plane had failed or that navigational errors led it off course, although he acknowledged that the investigation of the accident was not finished.

Mr. Vasin said the plane was following a radio beacon transmitted from Maputo airport and had followed its proper course until it was about 60 miles (100 kilometers) north of Maputo.

At that point, he said, it veered 35 degrees to the right, or southwest, and crashed in hills just south of the South African border.

■ **Agreement on Recorders** South Africa has reached agreement with Mozambique and the Soviet Union on decoding the flight recorders from the Machel jet, Agence France-Presse reported Wednesday, quoting the South African press agency SABA.

South Africa has reached agreement with Mozambique and the Soviet Union on decoding the flight recorders from the Machel jet, Agence France-Presse reported Wednesday, quoting the South African press agency SABA.

South Africa has reached agreement with Mozambique and the Soviet Union on decoding the flight recorders from the Machel jet, Agence France-Presse reported Wednesday, quoting the South African press agency SABA.

South Africa has reached agreement with Mozambique and the Soviet Union on decoding the flight recorders from the Machel jet, Agence France-Presse reported Wednesday, quoting the South African press agency SABA.

South Africa has reached agreement with Mozambique and the Soviet Union on decoding the flight recorders from the Machel jet, Agence France-Presse reported Wednesday, quoting the South African press agency SABA.

South Africa has reached agreement with Mozambique and the Soviet Union on decoding the flight recorders from the Machel jet, Agence France-Presse reported Wednesday, quoting the South African press agency SABA.

UN Report Details Torture in Afghanistan

New York Times Service

UNITED NATIONS, New York — A United Nations human rights report on Afghanistan released this week cites widespread atrocities by government and Soviet troops.

"Largely typical of the atrocities," the report said, were the bombing of villages, the disemboweling or kicking to death of villagers

and the use of explosives disguised as toys. The report, released Tuesday, found widespread torture in Afghan prisons, including the pulling out of fingernails, systematic beatings and humiliating conditions.

More than 100 villages have been bombed and 10,000 to 12,000 civilians have been reported killed in the last nine months, the report stated. It said that groups fighting the government "command the

support of the vast majority of the population."

The report was compiled by Felix Ermacora of Austria, a special investigator on Afghanistan for the UN Human Rights Commission. It will be considered by the General Assembly this fall.

A report to the rights commission in February predicted that "continuation of the military solution will lead to a situation approaching genocide."

Union Threatens GM Plan to Leave South Africa

By William Claiborne
Washington Post Service

JOHANNESBURG — Attempts by General Motors Corp. to disinvest in South Africa and turn its subsidiary over to a local management group have run into a seemingly intractable labor dispute that threatens to scuttle the agreement before it can be completed.

The 3,000-member National Automobile and Allied Workers' Union has said that if its demands for disinvestment severance pay and refund of pension contributions are not met it will close down the two main GM assembly plants in Port Elizabeth that are due to be turned over at the end of the year to local management.

The union says that its workers must have the payments even if GM continues operating in South Africa, as there is no guarantee that the new company will be profitable and remain in business.

As a strike by the workers entered its 14th day, the union also said that a system of "street committees" in black townships would prevent recruitment of nonunion labor to staff the assembly lines and would decide whether GM products would be allowed in the townships.

The last threat was interpreted by some GM executives as suggesting not only a boycott of black consumers against GM but a campaign of violence against GM products in black neighborhoods.

The company's director of personnel, George Stegmann, said Wednesday that if striking workers did not resume production Monday, GM would "look at hiring new employees."

Mr. Stegmann said that GM would begin Thursday to replace 567 assembly-line workers who were dismissed Wednesday following a sit-in at the Port Elizabeth plants.

The managing director of General Motors South Africa, Robert White, challenged the union's contention that workers had been exploited by GM for 60 years, saying

that 40 percent of the company's employees had been with the firm for 10 years or more.

"If they felt exploited, why did they work here for that length of time?" Mr. White said.

General Motors, with total assets of more than \$180 million, is the second-largest U.S. operation in South Africa, behind Mobil Oil Corp. Last month, GM said it intended to sell its subsidiary to a group of investors headed by local management for an undisclosed amount.

Under the agreement, GM has agreed to pay off the subsidiary's creditors, allowing the management buyers to start off with a clean slate. GM South Africa has been unprofitable for several years.

In exchange for the underwriting, which must be made before the mid-November cutoff mandated by the U.S. Congress, the parent company would receive license fees for the use of its trademarks and would continue to receive income from South Africa from the sale of

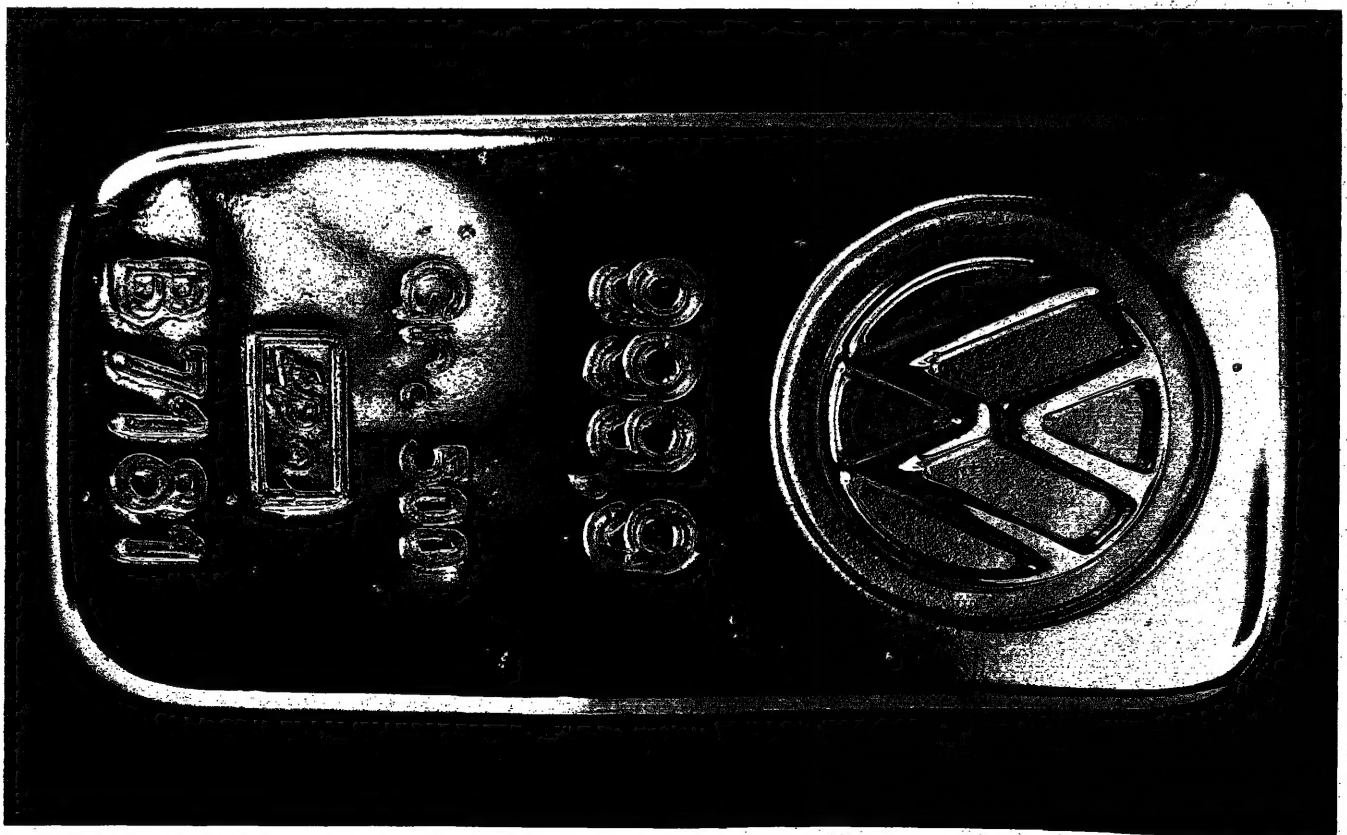
un assembled automobiles and parts made by GM in the United States, Japan and West Germany.

However, industry analysts said that if the strike became protracted and GM South Africa was unable to introduce its new line of Monza passenger cars, the agreement could collapse.

In advertisements published Wednesday in Port Elizabeth newspapers, the new management group, which is scheduled to take over next month, reiterated its assurance of continuity of operations in South Africa.

Mr. Stegmann said that there had been "tremendous intimidation" by union militants against workers who had expressed a willingness to return to work.

■ **Boths Leaves France** President Pieter W. Both of South Africa left Paris on Wednesday aboard a special flight for Madoera after a 46-hour private visit to France, Agence France-Presse reported.



What if you sell your Volkswagen?

If you ever needed proof that when something is built better it keeps its value longer, take a look at Volkswagen.

A second-hand Volkswagen isn't just another second-hand car.

After years of faithful service, its meticulously assembled engine will still be going strong. Its thick layers of wax on the inside and layer upon layer of paint on the outside will have kept rust at bay. It'll still be as inexpensive to run as the day you

first set eyes on it.

It'll still look as an attractive and wise buy to someone else as it did to you all those years ago.

There is some consolation when you say "farewell" to a Volkswagen. And that's the price that even the

most travelled of Volkswagen's can reach.

We're not saying that selling your old Volkswagen

will buy you a brand new car. But the chances are, it'll go a long way to paying for a brand new Volkswagen.



موتور، لاند

100

ADVERTISEMENT

ADVERTISEMENT

ABBL

LUXEMBOURG IN THE NEWS

A report for international decision-makers

■ II/86

Luxembourg's growing contribution to the development and scope of international capital markets

The role of many financial institutions in intermediating between lenders and borrowers has been altered significantly during the past five years, and this process has not yet reached its end. Liberalization measures in a number of major financial centers and the emergence of new financing instruments are at the root of these changes. "Marketability" of both assets and liabilities is the key word. Consequently, "securitization" lending is gaining in importance against the once dominant syndicated loan business.

Such developments are having a dramatic effect on the structure of the balance sheets and profit and loss accounts of most international banks. Growth in classical Eurobonding has been slower. In recent years compared with the booming seventies, yet, the income of the vast majority of Luxembourg-based banks held up well against the problems of worsening country risks and deteriorating lending margins.

A Bank of England compilation of international banking figures by centers shows that the share of international bank lending of the three largest banking centers together (London, New York and Tokyo) has been falling during the last two years, from over 50 percent in 1983 to 46.4 percent in 1985 (end-September), and this despite a strong growth of loans booked in Tokyo. The major rise was in the share of continental European centers, among them Luxembourg. By volume, among the books the latter now ranks fifth among the leading international banking centers, after the United Kingdom, the United States, Japan and France.

It is from such a base of strength that Luxembourg-based institutions continue to diversify into fee generating activities. Not only have they been able to broaden their funding ratio between non-bank and bank deposits (from 1:8 in 1979 to 1:4

in 1985), but they also have increased their non-interest income by more than 65 percent from 1982 to 1985. While the former fact indicates a distinct rise in private banking activities, the latter reflects partly a growing importance of securities-related transactions.

Substantial Eurobond Activity

Except for 1982, the number of Eurobond issues with a Luxembourg participation in the syndicate has constantly been over 20 percent of the total. The continuing weight of these commitments is well mirrored in last year's underwriting statistics.

The important role of Luxembourg in the Eurobond market did not emerge by accident. Daniel Wary, executive director of Kredietbank S.A., Luxembourg, and until recently chairman of the Association of International Bond Dealers,

stresses three direct contributions by Luxembourg to the success of the Eurobond market: "imagination, placing power and a strong presence in the secondary market." By no means does such a claim appear exaggerated.

As for new ideas, new techniques and new instruments introduced to improve the flow of funds from lenders to borrowers, Luxembourg banks were prominently involved from the inception of the Eurobond market. What is generally recognized as the first ever Euro issue, a 5 million dollar loan issued by the Portuguese company Sator, was launched by a Belgo-Luxembourg group in 1961. Later in 1965, when the Eurodollar bond as such was born in the form of the famous US\$ 15 million 15-year issue for Autostar of Italy, it seemed only natural at that time that the five-strong management group included a bank from Luxembourg. In 1981, the first ever ECU bond deal, an issue for Softe, subsidiary of STET

(Societa Finanziaria Telefonica per Azioni), the Italian state company of the telecommunications industry, was brought to the market by a Belgo-Luxembourg group. Ever since, Luxembourg-based institutions have continued to play leading roles in developing the ECU. This is illustrated by the fact that in 1985 the ECU was the fourth most used denomination in the international bond markets after the US dollar, the Swiss franc and the Japanese yen.

For Luxembourg banks to be in the forefront of so many new issues also reflects an international recognition of their outstanding place as providers of institutional and private investors. In particular, their minimum charge-out is with medium-sized insurance companies and pension funds. In addition, what is usually called insurance placing has significantly gained in importance during recent years.

Volker Burghagen, managing director of Compagnie Luxembourgeoise de Dredage Bank, summarizes the reasons behind Luxembourg's popularity with the various international investors. "Legislation on bank services, evidence of a full universal banking system, no minimum reserves, no VAT on gold, no disturbing tax regulations for foreign customers, an efficient banking supervision, political and social stability, no sudden and tough changes in the legal environment relevant to investors - in short, a high degree of reliability."

242 Investment Funds

A further indication of Luxembourg's importance as a marketplace for the fund private investors is the growth of the investment fund sector. The number of

Luxembourg Banks in Public Eurobond issues (in millions of US\$)

	1981	1982	1983	1984	1985
All currencies					
Issues where Luxembourg banks participated in the underwriting syndicate	3,207	7,125	10,060	16,769	33,732
Volume	21.8	16.7	22.7	25.4	26.0
Percentage of total					
Issues quoted on the Luxembourg Stock Exchange	11,038	20,928	27,766	40,987	81,176
Volume	15.3	47.0	61.8	57.3	65.3
Percentage of total					
ECU					
Issues where Luxembourg banks participated in the underwriting syndicate	208	980	1,573	2,004	4,262
Volume	100.0	100.0	91.8	100.0	100.0
Percentage of total					
Issues quoted on the Luxembourg Stock Exchange	208	980	1,714	2,003	6,565
Volume	100.0	100.0	100.0	100.0	98.5
Percentage of total					

Source: Luxembourg Monetary Institute

three funds registered in Luxembourg reached 212 by the end of June 1986.

In addition to a growing involvement in the management of these funds, Jean Person, member of the executive committee of Banque Paribas (Luxembourg) S.A., observes that Luxembourg institutions supply the full range of services necessary to fundraise and run investment funds. He adds: "The availability of direct communication between administrator, adviser and manager." Here, Jean Person, head of the Luxembourg Monetary Institute, has welcomed the growing number of investment funds as an enrichment and a diversification of the financial center of Luxembourg and indeed calls it "a triumph in the international financial environment marked by a shift of activity from the traditional syndicated credit activity to a market for a wide range of loans and other marketable instruments."

Luxembourg's Stock Exchange

The health of any market must always be judged by the existence of a liquid and smoothly functioning secondary market. Regarding the Eurobond market in particular, Luxembourg has from the beginning been contributing substantially to the provision of such a secondary market. One important factor for the transparency of the Eurobond market is indeed provided by the listing facilities of the Luxembourg Stock Exchange. Its 35 page official price list gives quotations for almost 4,000 securities, some 87 percent of which are for Eurobonds denominated in 20 different currencies or currency baskets. At all times, two-thirds of the volume of all public Eurobond issues representing issues for more than 1,000 different borrowers from 55 countries are Luxembourg-listed.

Compared with a global secondary market turnover in excess of US\$ 2.5 trillion per annum the actual turnover on the stock exchange is certainly less impressive. Eurobond transactions are dominated by a dealer market provided by market makers who themselves communicate electronically all over the world. Moreover, the president of the Luxembourg Stock Exchange Commission and general manager of Banque Generale du Luxembourg S.A., Jean Meyer, points out that by looking as well for "best deals for size only" and by serving the small end-users, the Luxembourg Stock Exchange is providing a particular market segment with essential liquidity.

Luxembourg contributes significantly to the smooth development of the international bond market. With 60 member

banks of the Association of International Bond Dealers the Grand Duchy is, next to the United Kingdom and Switzerland, one of the most important regions of the Association.

Practically all sectors of the Eurobond market are thus being served from Luxembourg. But there are, of course, certain market sectors for which international dealers cannot but regularly call on Luxembourg names when they try to establish going prices. Among these are bonds denominated in ECU's, D-marks, Japanese yen, and Dutch guilders.

As barriers between domestic and international markets are being done away with, new investment and lending techniques are being developed, the infrastructure of the international capital markets needs constant improvement and adaptation. Here again, a Luxembourg-based organization is in the forefront of progress. Cedel, one of the two major international securities clearing houses, has since its inception in 1979, made a remarkable contribution to the development of cross-border transactions.

The Role of Cedel

Owned by 100 institutions from 18 countries, it directly serves almost 1,200 participating banks, brokerage houses and other financial institutions located in 80 countries by eliminating physical transfer of securities between dealers and buyers on a worldwide scale. Cedel also provides a number of ancillary facilities linked to the settlement of cross-border transactions. More than 15,250 issues are now being cleared through Cedel. They include Eurobonds, floating rate notes and convertible bonds, bank bonds, US treasury bonds, Samurai bonds and Swiss franc foreign bonds, German domestic bonds, Eurobonds, Eurocommercial papers and certificates of deposit issued in London, New York, Luxembourg, Hong Kong and Singapore as well as internationally traded equities and gold bullion. At end-June 1986 some US\$ 1.7 billion worth of issues were held by Cedel under central administration. Turnover in 1985 reached US\$ 762 billion.

Of particular importance, according to Cedel chairman and member of the executive board of Banque Internationale à Luxembourg, Edmond Ntch, is the fact that Cedel is the main central safekeeping and clearing institution for financing instruments denominated in ECU's. Furthermore, he underlines "the double role of Luxembourg as a banking center within the global market as well as the financial capital of the European Community."

The coming of age of the ECU

The ECU market is growing to impressive size. The use of the ECU as a unit of account in international transactions has increased rapidly during the last four years. Future growth prospects look bright for Luxembourg - from where the first ideas for a "European Currency Unit" originated and where ever since imaginative applications of the concept of a European bank currency have been intensely cultivated - is set to benefit from a further substantial broadening of worldwide interest in the development of the ECU.

Nothing demonstrates the success story of the ECU better than a recent advertisement in a U.S. publication under the headline: "The ECU has a future in New York." Sixteen years after Pierre Werner, the former prime and finance minister of Luxembourg, vigorously advocated the concept of a European Currency Unit, there are still as many currencies within the European Community as there are members. But far beyond any official progress towards full formal recognition of the child that, in 1979, was christened "European Currency Unit" (ECU), market forces have started to adopt the idea with overwhelming enthusiasm.

Already in its 1985 Annual Report the Bank for International Settlements was prompted to state: "In view of the high degree of diversity of the ECU market and its broad institutional underpinning, there can be little doubt that the use of the ECU will be a lasting feature of the international financial market." The well-established phenomenon the ECU has become, at least among professional and institutional participants in the international capital markets, is highlighted by the following observation of Jean Kries, member of the executive board of Banque Internationale à Luxembourg: "Not long ago," he remarks, "most people had resorted to their calculators in order to arrive at the going interest rates for ECU-denominated paper by weighting the

various basket components. Today, ECU yields and their spreads, although related to those of component currencies, are increasingly considered as having their own existence."

At present, the ECU consists of fixed quantities of the currencies of ten of the twelve European Community member states. Those of Spain and Portugal are expected to be included in the basket by 1989. These quantities depend on a number of periodically reviewed criteria related to basic economic factors.

Although the weight of the component currencies in the basket as well as the actual market value of the ECU are linked to currency fluctuations, the relative stability of the ECU in a world of highly volatile foreign exchange rate markets is widely acknowledged. This is, of course, not only the result of administrative EMS rigidities, but also of the fact that the ECU represents a mix between stronger and weaker currencies. The ECU, in its own way, reflects the economies of a major region of the globe which are gradually converging.

ECU: A Brief Survey

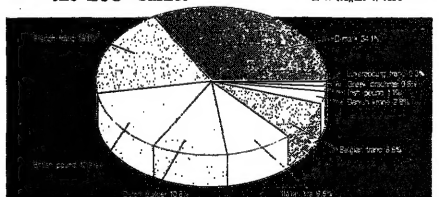
Although a limited number of private transactions were pioneered before 1981, the ECU did not receive much more than the benefit of curiosity by banks outside Luxembourg until this date.

Since then, the role of the ECU as an investment and lending currency has systematically been broadened, not least with the active support of Luxembourg-based institutions, including the European Investment Bank.

The use of the ECU in the international banking market has been growing impressively since 1982. Bank assets have at-

ways been higher than liabilities suggesting that the difference is being funded with ECU component currencies directly. At the same time, the use of the ECU in the international bond market literally exploded.

Weight of the component currencies in the ECU basket



This development was accompanied by a proliferation of available instruments both in the Euro market and in a number of domestic capital markets. In addition to conventional straight issues and among available instruments, appeared ECU floating rate notes, ECU zero coupon bonds, ECU paper with participation warrants and convertible bonds, ECU issues with extendable maturities and issues with adjustable bonds. At the short end of the market, ECU certificates of deposit, both fixed and with floating rates, have frequently been launched.

In the money market, the number of banks actively participating is estimated to have reached several hundred with approximately a dozen acting as market makers. The ECU is bought and sold spot and forward against practically all other convertible currencies, an additional feature being the beginning of this ECU futures and ECU options trading.

At present, a widely spread opinion is that the role of the ECU could be further extended not only as an investment and trading vehicle, but also as a means of involving commercial institutions. Thanks to increased acceptance of the ECU by private and corporate users, the basket currency is receiving growing official recognition.

Luxembourg banks have always been among the most enthusiastic protagonists of a development which now has reached a phase when the internationalization of the ECU is becoming more obvious with

each day. More and more portfolio managers in various countries have been converted to place larger parts of their assets under management in ECU's. ECU borrowers, who up to now predominantly are names from Italy, France and the Euro-

pean institutions, are increasingly coming from Japan, Scandinavia, the United States and Australia as well.

Moreover, a clearing system of the ECU set up by various banks has been functioning since October 1, 1986.

Luxembourg, supported by the Luxembourg Stock Exchange, is providing a particular market segment with essential liquidity.

Luxembourg contributes significantly to the smooth development of the international bond market. With 60 member

banks of the Association of International Bond Dealers the Grand Duchy is, next to the United Kingdom and Switzerland, one of the most important regions of the Association.

Practically all sectors of the Eurobond market are thus being served from Luxembourg. But there are, of course, certain market sectors for which international dealers cannot but regularly call on Luxembourg names when they try to establish going prices. Among these are bonds denominated in ECU's, D-marks, Japanese yen, and Dutch guilders.

As barriers between domestic and international markets are being done away with, new investment and lending techniques are being developed, the infrastructure of the international capital markets needs constant improvement and adaptation. Here again, a Luxembourg-based organization is in the forefront of progress. Cedel, one of the two major international securities clearing houses, has since its inception in 1979, made a remarkable contribution to the development of cross-border transactions.

The Growing Use of the ECU in the International Banking Market

(Assets and deposits, banks and non-banks, in US\$ billions)

	Assets	Liabilities
December 1982	6.5	5.5
December 1983	11.9	10.0
December 1984	28.2	22.5
March 1985	37.1	29.9
June 1985	38.8	33.4
September 1985	36.8	42.4
December 1985	54.5	48.3
March 1986	61.4	54.9

€ = estimated. Source: Bank for International Settlements ECU Newsletter.

M. Jacques Grusjean, Press Secretary, ABBL, Luxembourg Bankers Association, B.P. 15, L-2010 Luxembourg.

Yes, please send me LUXEMBOURG IN THE NEWS free on a regular basis.

Name: _____
 (Please print)
 Company: _____
 Address: _____

ABBL

LUXEMBOURG IN THE NEWS is sponsored and published by ABBL, Association des Banques et Banquiers Luxembourgeois. The opinions expressed by the writers are not necessarily those of ABBL.

NYSE Most Actives	Vol.	High	Low	Last	Chg.	Market Sales	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume	NYSE 3 a.m. volume
-------------------	------	------	-----	------	------	--------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Symbol	Open	High	Low	Close	Change
IBM	164.00	165.00	164.00	164.00	-0.25
AT&T	54.00	54.00	54.00	54.00	0.00
GE	34.00	34.00	34.00	34.00	0.00
IBM	164.00	165.00	164.00	164.00	-0.25
AT&T	54.00	54.00	54.00	54.00	0.00
GE	34.00	34.00	34.00	34.00	0.00

NYSE Lower in Active Trading

NEW YORK — Prices on the New York Stock Exchange were lower late Wednesday in active trading, pressured by early weakness in the bond market and profit-taking.

The Dow Jones industrial average was off 7.73 to 1,888.22 at 3 P.M. At midday, it had fallen off more than 10 points. Declines led advances by a 4.3 ratio.


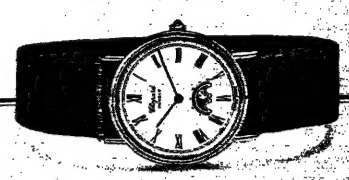
Volume at 3 P.M. was about 133.27 million shares, up from 96.55 million in the same period Tuesday.

Traders said a weak bond market and some profit-taking hurt equity prices early in the session. Also, traders said selling intensified every time the Dow approached 1,900. But when bonds rallied in the mid-afternoon, the stock market began trimming its losses, they said.

Equity investors seem to be taking their cue from the bond market, said Peter Furtiss, vice president in equity trading at Smith Barney, Harris Upham.

Mr. Furtiss said some investors were feeling cautious before Thursday's release of data on the U.S. money supply. The Federal Open Market Committee, the policy-making arm of the Federal Reserve Board, said recently that it might respond to the rapid growth of currency in circulation by letting interest rates rise.

With an hour left to trade, Archer-Daniels-Midland was the most-active NYSE issue and

in Geneva available at:
Chopard Boutique-Confédération Centre - Tel. (22) 29 37 28
and leading jewellers worldwide

Symbol	Open	High	Low	Close	Change
IBM	164.00	165.00	164.00	164.00	-0.25
AT&T	54.00	54.00	54.00	54.00	0.00
GE	34.00	34.00	34.00	34.00	0.00
IBM	164.00	165.00	164.00	164.00	-0.25
AT&T	54.00	54.00	54.00	54.00	0.00
GE	34.00	34.00	34.00	34.00	0.00

Handwritten note: 10/11/86

WALL STREET WATCH

Fidelity Fund Changes Style, but Not Its Profits

By VARTAN G. VARTAN

NEW YORK — Replacing an eminently successful mutual-fund portfolio manager is a tough assignment. But Morris J. Smith, who took over the helm of the Fidelity OTC Portfolio on July 1, has settled in to meet this challenge. "I feel comfortable now with the way things are going," he said in his first interview as the fund's portfolio manager.

Fidelity OTC seeks capital appreciation by investing primarily in over-the-counter securities. Last year, with a total return of 69 percent, it ranked second among the 768 mutual funds monitored by Lipper Analytical Services.

Morris J. Smith's philosophy: Place your largest bets on stocks you like best.

The original success of Fidelity OTC was crafted by Paul S. Stuka, who became its first portfolio manager in the age of 29 in January 1985 with \$2 million under his command.

At Fidelity OTC, the 29-year-old Mr. Smith has demonstrated a different management style. For a starter, he cut the number of stocks in the portfolio from roughly 250 to 260.

My philosophy is that you place your largest bets on the stocks you like best, at the same time, cut back on securities that, because of their illiquidity or other reasons, you consider least attractive," he said.

Currently the fund's five largest stock positions, in order of size, are Kemper Corp., St. Paul Cos., Bank of New England, Tele-Communications and Dime Savings Bank of New York.

The second-largest category, or about 7 percent of the fund's assets, consists of media stocks. Here the emphasis is on cable television companies, Tele-Communications, for example, is the largest operator of cable TV systems.

Other holdings in this sector include Barris Industries, Cablevision Systems, Comcast Corp. and Lin Broadcasting. This is an area that Mr. Smith is particularly familiar with: For two years before taking over Fidelity OTC, he managed the portfolio of Fidelity Select Leisure, one of Fidelity's sector funds that concentrates investments in a particular industry.

An estimated 30 percent of Fidelity OTC's investments is in listed companies. "The rationale here is to achieve more flexibility in order to get the best possible absolute performance," the portfolio manager said.

Among larger holdings in listed issues are Warner Communications, Beverly Enterprises and Triangle Industries.

Recent additions to the portfolio include Anchor Glass Container.

Saudia Deferral Reported

Airline May Ask Loan Extensions

By Jonathan P. Hicks

MANAMA, Bahrain — Saudi Arabian Airlines, the kingdom's national carrier and the biggest airline in the Middle East, delayed repayment on two loans totaling \$1.6 billion in Saudi riyals (\$435 million) earlier this year, banking sources said Wednesday.

The two main creditor banks, National Commercial Bank and Riyad Bank, have been considering with Saudia the possibility of seeking a further deferral on the credits, the sources said.

The Saudi airline, which last year carried 10.1 million passengers on international and domestic flights, has had a liquidity problem stemming in part from Saudia's budget deficit and in part from an economic slump throughout the Gulf region.

The first credit, given in February 1982, was for \$26 million riyals. The second, signed in March 1984, was for \$775 million riyals. Both were guaranteed by the Saudi Finance Ministry.

Banking sources said the syndicate banks for both loans agreed to push back for one year repayments falling due in February and March 1985. The lending banks are based in Saudi Arabia, but some are joint ventures between Saudi owners and European or American banks.

Saudia, along with other Gulf oil exporters, has had a sharp decline in revenues as world oil prices remain depressed. It has twice postponed its budget for the 1986-87 fiscal year, originally to have been announced in March, because the uncertain oil market made it almost impossible to forecast.

Since mid-October Saudi Arabia has been leading a drive within the Organization of Petroleum Exporting Countries for a fixed oil price of at least \$18 per barrel, about \$3 more than market rates now.

Commitment for a fixed oil price, Saudia, with the oil being financial backing of the kingdom and its oil reserves, has an underlying strength and creditworthiness that would allow it to tap capital markets to raise short-term funds to meet its needs.

Others say they are resigned to having to delay repayments further if formally approached by Saudia's two major banks.

A spokesman for Saudia in Jeddah was unavailable for comment on the two major banks' decision to comment on the loans.

Saudia is not alone in facing problems in the competitive Middle East market where airlines have had to modify cut prices to preserve their market share.



International Paper Co.'s mill at Jay, Maine, on the Androscoggin River.

U.S. Paper Industry Still Uneasy

By Jonathan P. Hicks

NEW YORK — Executives of U.S. paper companies remain cautious about the outlook for an industry they contend is still threatened by a high level of imports in some product lines and world-wide oversupply in other areas.

They also cite a growing number of new foreign producers who are developing the ability to compete for market share in the United States.

"Foreign competition is still affecting the industry and it is still affecting the volume and prices of products," said Robert C. Williams, president of James River Corp. of Virginia, the largest U.S. paper and pulp manufacturer. "When the dollar was strong, everyone wanted to get into the U.S. market. The dollar has weakened since then, but they're all still there."

Analysts and economists, on the other hand, say that even though imports have increased, they may have reached their peak in the last year. They add that paper companies have generally had strong profits in the third quarter, a reflection of cost-cutting measures and the strengthening of the market. They also cite the success producers have had in sustaining a 6.5-percent increase in newsprint prices that went into effect Oct. 1.

And they note the growing level of exports this year, particularly of bleached board paper, used in such products as milk cartons, and of linerboard, which is used in making boxes. For the first nine months of the year, exports were up 16 percent from a year earlier, with some products rising as much as 20 percent.

"A lot of officials in the paper industry have overestimated their problems," one analyst said, adding, however, that "things could get a lot worse if the industry doesn't modernize and become more efficient."

Industry executives insist that global competition remains a threat to them. When the dollar was at its peak, they said, that brought European producers to the U.S. market and also prompted other countries to develop substantial paper industries. The market share won by paper manufacturers in Brazil, Chile and South Africa in the past two years will take years to get back, if it can be recovered at all, the Americans contend.

And even more sources of competition will develop, analysts and industry officials say. Belgium and Nigeria are adding hundreds of thousands of tons of capacity.

Brazil is expected to increase its pulp production capacity by 25 percent in the next four years, and the Brazilians are developing a relatively new source of pulp: the eucalyptus. American producers are expected to follow suit.

Wickes Agrees To Buy Lear in \$1.7-Billion Pact

The Associated Press

SANTA MONICA, California — Wickes Cos., the U.S. retailing conglomerate, says it has agreed to acquire the aviation company, Lear Siegler Inc., in a transaction valued at \$1.7 billion.

The merger agreement announced last Tuesday follows Wickes' second bid last weekend to buy Collins & Aikman Corp., a major New York textile concern, for \$1.16 billion.

The two merger agreements may make Wickes into a conglomerate with more than \$8 billion in sales and \$6.5 billion in assets, less than two years after it emerged from bankruptcy protection.

Wickes, which had sales of \$2.8 billion last year, indicated that it hopes to use its extensive resources to help the companies expand more quickly than they could alone.

"We think the marriage is an excellent one," Wickes' chairman and chief executive, Sanford Sigoloff, said of the Lear Siegler accord. "We understand their core businesses and are anxious to do all we can to make them grow."

Wickes declined to comment on speculation that it intends to sell off some of Lear Siegler's assets, particularly its troubled Piper Aircraft unit.

Besides Piper, the main businesses of Lear Siegler, founded in 1954, are systems for sophisticated flight control and navigation systems for commercial and military aerospace industries, auto components such as seating, suspension systems and windshields, electronics, farm equipment, handgrips, and sailboat components.

Wickes currently has three main business segments: lumber, building materials and home furnishings; apparel and hosiery; and manufacture of auto and truck parts and electronic components.

Norman Berkeley, who will retain his position as chairman and chief executive of Wickes, was enthusiastic about the acquisition. "Our directors believe this is a very attractive business combination," Mr. Berkeley said.

For the past two weeks, Lear Siegler had been the target of a hostile takeover bid by AFG Partners, a consortium of the glass-maker, AFG Industries Inc. and the Midland, Texas, oil concern Wagoner & Brown.

Wickes agreed to pay \$93 a share for Lear Siegler's 17.9 million common shares and \$232.50 each for its 177,000 preferred shares.

Wickes said it will commence a tender offer Thursday for all of Lear Siegler's shares. That offer will expire Dec. 31 unless extended.

Wickes, with 10,000 employees, and Lear Siegler, with 29,000, are based in Santa Monica.

Because of the action by AFG Partners and speculation that preceded it, the price of Lear Siegler's stock jumped from around \$55 in early October to a high of \$92 Monday on the New York Stock Exchange. It dropped back to \$91 Tuesday at more than 2.8 million shares traded.

Beijing Officials Go Exploring Down Wall Street

By Edward A. Gargan

BEIJING — A mere 200 yards from the marble mausoleum housing the embalmed body of Mao Zedong, the talk was of "zero coupons," the "dynamic management of assets and liabilities" and "legitimate portfolio vehicles."

As out-of-towners lined up to view Mao's tomb, 250 of China's leading financial officials were listening Tuesday to such financial jargon during lectures in the Mongolian Room of the Great Hall of the People. The speakers, the chairman of the New York Stock Exchange, John J. Fiebel Jr., and nearly two dozen U.S. financial executives and commercial bankers and corporate lawyers. The subject: the intricacies of U.S. and international stock and credit markets.

China's bankers peppered their Western counterparts with questions about liquidity problems, new financial products and the potential difficulties in raising capital in Western markets, all of which bequeathed a desire to at least to master, if not to embrace, an economic system recently denounced here as little more than a dead-end age.

Financial structural reform is making arduous talks ahead. Chen Muhua, the governor of the People's Bank, China's central bank, said Monday in an address at the opening session of the four-day symposium on financial markets and money that such financial markets in a planned way is one of the objectives for future reform.

Already two markets for trading Chinese bonds have been set up in China and a small market to trade stocks in Chinese enterprises has been created in Shanghai. Although only two issues have been listed on the stock market, China's economic press has pointed to these markets as proof of a permanent, and major, shift in economic direction. Indeed, it is.

Mexican Lenders Slow to Sign Up

Washington Post Service

WASHINGTON — Banks are being slow to sign up for their share of a \$6-billion rescue package for Mexico, even though the International Monetary Fund has said that 90 percent of the funds should be committed by Oct. 31.

Monetary sources said Tuesday that banks representing slightly more than 80 percent of the bank portion of the bailout have signed up. The sources said they expected it would be another week or more before 90 percent of the bank loan is approved.

About 475 banks around the world make loans to Mexico. Until the 90 percent "critical mass" is achieved, Mexico cannot tap any of the billions of dollars it needs to pay interest on its \$98-billion in foreign debts, and for vitally needed exports.

Interest Rates

Table with 2 columns: Instrument, Rate. Rows include Treasury bills, Treasury notes, Treasury bonds, etc.

Another IMF Candidate May Emerge

By Peter Torrey

WASHINGTON — Efforts to select the next head of the International Monetary Fund are deadlocked over two European contenders and it is increasingly likely that new candidates will have to be found.

For the forward, monetary sources said Wednesday.

Western Europe traditionally selects the IMF managing director. Among other things crucial to management of the world economy, the World Bank president is a U.S. appointee and Japan names the head of the Asian Development Bank.

Sources in Washington said that, after two months of trying to choose a successor to Jacques de Larosiere of France at the IMF, European support was still split between Finance Minister H. Ooms of the Netherlands and Michel Camdessus, governor of France's central bank.

Weekly Net Asset Value

Tokyo Pacific Holdings N.V.
On November 10, 1986: U.S. \$172.16
Listed on the Amsterdam Stock Exchange

Information: Pierson, Helderling & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

BRITANNIA OKASAN GLOBAL STRATEGY FUND, SICAV

Registered Office: 14, Rue Aldringen, Commercial Register Section B 23, 784.

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An Extraordinary General Meeting of Shareholders of BRITANNIA OKASAN GLOBAL STRATEGY FUND, SICAV will be held at the registered office in Luxembourg, 14, Rue Aldringen, on November 21-1986 at 10.00 o'clock a.m. with the following agenda:

Key Money Rates Nov. 12

Table with 2 columns: Instrument, Rate. Rows include Treasury bills, Treasury notes, Treasury bonds, etc.

Asian Dollar Deposits Nov. 12

Table with 2 columns: Instrument, Rate. Rows include Treasury bills, Treasury notes, Treasury bonds, etc.

U.S. Money Market Funds Nov. 12

Table with 2 columns: Instrument, Rate. Rows include Treasury bills, Treasury notes, Treasury bonds, etc.

Gold Nov. 12

Table with 2 columns: Instrument, Rate. Rows include Treasury bills, Treasury notes, Treasury bonds, etc.

Swiss Nov. 12

Table with 2 columns: Instrument, Rate. Rows include Treasury bills, Treasury notes, Treasury bonds, etc.

U.S. Money Market Funds Nov. 12

Table with 2 columns: Instrument, Rate. Rows include Treasury bills, Treasury notes, Treasury bonds, etc.

Gold Nov. 12

Table with 2 columns: Instrument, Rate. Rows include Treasury bills, Treasury notes, Treasury bonds, etc.

Swiss Nov. 12

Table with 2 columns: Instrument, Rate. Rows include Treasury bills, Treasury notes, Treasury bonds, etc.

Weekly Net Asset Value

Tokyo Pacific Holdings N.V.
On November 10, 1986: U.S. \$172.16
Listed on the Amsterdam Stock Exchange

Information: Pierson, Helderling & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

BRITANNIA OKASAN GLOBAL STRATEGY FUND, SICAV

Registered Office: 14, Rue Aldringen, Commercial Register Section B 23, 784.

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An Extraordinary General Meeting of Shareholders of BRITANNIA OKASAN GLOBAL STRATEGY FUND, SICAV will be held at the registered office in Luxembourg, 14, Rue Aldringen, on November 21-1986 at 10.00 o'clock a.m. with the following agenda:

— to change the name of the corporation to MIB BRITANNIA OKASAN GLOBAL STRATEGY FUND;

— to amend article 1 of the articles of association in relation to the change of name.

INDONESIA

Asked about the current economic situation, leading Indonesian economist Dr. Dorojatun Kuncoro-Jakti had this to say: "Desperate, but I would not worry about it."

To outside observers, Indonesia appears to be in deep economic difficulty. The precipitous drop in oil prices and crumbling commodity markets have dealt heavy blows to the Indonesian balance of payments. The 45 percent devaluation of the rupiah in September, a last-ditch effort to curb imports and promote exports, was the third major adjustment in eight years.

However, in Indonesia the situation is never quite what it seems. Though oil is the chief foreign currency earner, the Indonesian economy ultimately is not based on oil or commodity exports but on agriculture and service. Indonesia still is predominantly a nation of smallholders, traders, and roadside food vendors, whose ceaseless trading activity — a mango can change hands a dozen times during the journey from a tree in rural Java to a Jakarta breakfast table — keeps money circulating.

"A GDP growth rate of just a percent a year keeps the whole ball rolling," Dr. Dorojatun said.

In Indonesia, everyone seems to be selling something to someone else for a tiny profit. This fragmented market economy cushions Indonesia from the disruptive effects of the often chaotic patterns of world trade, and is a key factor in the nation's political calm. Importers, businessmen, professionals and other middle-class Indonesians may suffer at times, but the bulk of the population is largely unaffected.

Indonesia, observers agree, could muddle along for many more years with this subsistence-level economy. But at some point the grave burdens of population — Indonesians numbered 160 million in 1985 — along with substandard infrastructure, education, and health care, would strain even this inherently resilient system.

So Indonesia must industrialize, analysts say, and jump head-first into the world economy. With the heavy days of high-priced oil gone forever, "development of non-oil exports" are the magic words in today's Indonesia. The recent presidential decrees governing foreign investment — including relaxed import regulations for export-oriented industries and more flexibility in foreign management — are all aimed at attracting foreign capital and expertise.

Enhancing the export value of Indonesia's vast natural resources is the present priority. Where previously timber, minerals, and rubber were exported in their raw state, new regulations encourage — and often compel — exporters to process goods in some fashion. Timber becomes plywood — Indonesia is the world's second-ranked plywood exporter. Rubber leaves the country as motorcycle tires. Rattan — Indonesia supplies 80 percent of the world's rattan — is woven into lounge chairs, and even some natural gas is being used to manufacture fertilizer destined for shipment overseas.

Though some potential foreign investors might feel some

despair, most resident businessmen are optimistic about the country's prospects. They view the current difficulties as an aberration brought on primarily by external factors.

"Once we get through this economic pause," said John Whiting, IBM representative for Indonesia, "Indonesia should expand at the same rate as the rest of the region."

This view is backed by Indonesia's impressive advances during the past two decades. From the economic shambles inherited by the present government in 1967, careful development policies have created a solid — if still small — economic base.

The most spectacular change has been in rice production. In 1977, Indonesia imported 2.7 million tons of rice. In 1984, no rice was imported. In 1985, a portion of that year's surplus, some 10,000 tons, was donated to African famine relief agencies.

With short-term prospects frankly bleak, attention is now focused on projects oriented toward longer-term returns. Agribusiness, which by nature is a medium- to long-term return investment field, is attracting increasing amounts of investor attention.

Although short-term prospects are discouraging, the medium- and long-term prospects are very good," said Henshi Adams, Indonesian representative of Rabobank, a Dutch bank specializing in agribusiness. "Since an investor must be very selective, it is better to investigate the situation now in order to be prepared to invest when the economy recovers."

Agribusiness is not without its problems. The major one is the government insistence on smallholder participation in any enterprise. In a palm-oil estate, for example, after the first four years there must be a 60-40 smallholder/nucleus estate ratio, with the smallholder share expanding to 80-20 after ten years. Although the state banks are willing to finance any smallholder participation, no one can guarantee the quality or quantity of goods produced by the smallholders.

"An enterprise should be set up to break even on the nucleus estate production," Adams said. "Whatever comes in from the smallholders then will be pure profit."

While the traditional plantation crops (rubber, palm oil, coffee) are still good bets, the most exciting area seems to be fisheries, especially shrimp farming. Primarily through the efforts of the newly established Jakarta World Trade Center, Indonesians are peddling their prawns by the containerload to Europe and the United States.

Indonesia still lags far behind such dynamic East Asia neighbors as Singapore, Taiwan, and South Korea in manufacturing capabilities. Most manufacturing is actually assembly of foreign-made components for various consumer goods such as automobiles and electronic goods.

Indonesia's high-technology showcase is the Indonesian Aircraft Industries (IPTN) factory in Bandung, West Java. Although the plant does undertake simple assembly of helicopters



The Indonesian government has included the tourism industry in the drive to attract foreign investors, and is emphasizing destinations beyond the obvious attractions of Bali. Here, the statues of Sukarno and Mohammed Hatta in Proclamation Park, Jakarta.

and other aircraft, IPTN also developed and is now marketing the CN-235 short-range turbo-prop airplane under joint venture with CASA of Spain. IPTN has recently entered into a similar agreement with Boeing, MBB, and Fokker to design and manufacture an advanced-technology commuter aircraft.

A great hindrance to manufacturing and other types of investments has been the lack of effective intellectual property rights' conventions. Piracy of films, tapes, and computer software has become a widespread and almost legitimate business, which was brought to world attention this year when Live Aid organizer Bob Geldof accused Indonesian companies of flooding the Middle East with pirated Live Aid concert tapes.

A copyright law is in the works, and may be implemented by next year. Though this will probably not stop the lucrative foreign popular music and software piracy business, an investor will have legal recourse in cases of patent infringement and other serious copyright violations.

Beyond Bali: Great Tourism Potential

Until recently, if one spoke of an impending journey to Indonesia, the response would probably be either: "Surely you mean Indochina," or "Isn't that somewhere near Bali?" Now, Indonesia's recognition factor has gone up appreciably. It was aided by Indonesian President Suharto's notable speech at the United Nations Food and Agriculture Organization conference in 1985, and President Reagan's visit to Bali in April 1986. Businessmen in the United States and Europe now tend to show interest when a colleague announces plans to deal in the task of increasing the world's awareness of this island nation falls on Joop Awe, the director-general of tourism. Working with a small budget of US \$2 million — a tiny fraction of the tourism promotion funds spent by other Southeast Asian nations — Awe relies primarily on a well-developed sense of showmanship and a gift for metaphor to market his country.

"Tourism has supplanted steel and concrete as primary materials for building bridges," he said. "With increasing numbers of ordinary people traveling abroad, tourism is becoming the most effective means to increase understanding of foreign cultures."

At present, the nation gathers only a trickle of the current inundation of tourists throughout the Third World. In 1985, less than 750,000 visitors passed through Indonesia, far below Thailand's 2.4 million and the 3.4 million racked up by tiny Singapore. Ironically, Indonesia, with 13,677 islands spread across 6,400 kilometers, has greater tourist potential than any of its neighbors.

A major point is the incomparable culture and tropical paradise ambience of Bali. But the immense geographical and ethnographical diversity of the archipelago, where customs, architecture, and cuisine can change every 50 kilometers, guarantees a limitless supply of tourists travel only to Bali. A few stop off in Yogyakarta, the center of Javanese culture, and Singaporeans and Thais looking for a cheap holiday fly to the Lake Toba mountain resort in North Sumatra.

To attract more tourists — and with them the foreign currency needed to offset the drop in oil income — the government has included the tourism industry in the drive to attract foreign investors. Foreign investment has not been widespread in the tourism sector, because foreign travel agents have not been allowed to operate directly in the country. The large hotels are generally locally owned, with management by international chains. The government has now expressed a "preference" for foreign investment over foreign management. So far, several hotel chains, including Sheraton, have been shopping around, though the large European travel wholesalers "have yet to see the light," according to one local travel industry executive.

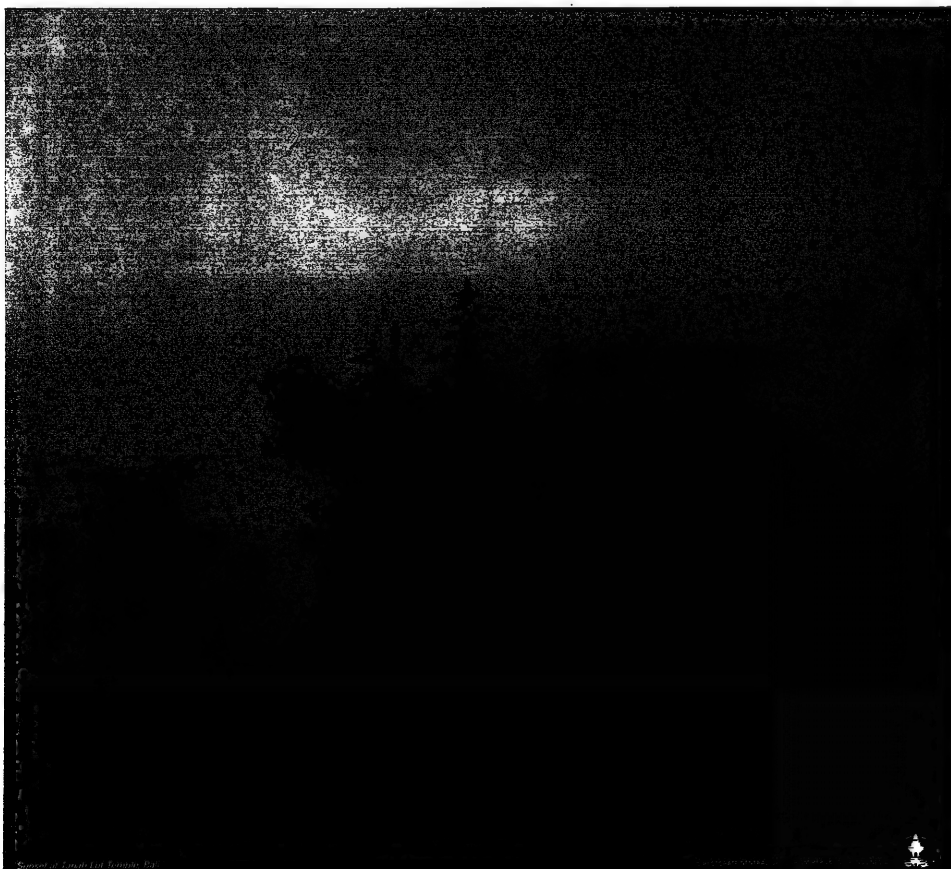
"At this stage, we cannot develop our tourism industry without foreign expertise," Awe said. "I am the last person to kick out any foreigners who is making a contribution, however small, to developing tourism."

This development is not entirely from the ground floor. Bali has been playing host to tourist hordes since the 1930s. Large-scale developments started in the early 1970s, with the Hotel Bali Beach towering over the palm trees of Semar. Although the lack of qualified service staff is a perennial problem with hotels and restaurants, the 15 years of upscale tourism in Bali has created a fairly large body of local professionals.

The Indonesian people themselves seem made for tourism. The

(Continued on Next Page)

FLY THE NEW GARUDA INDONESIA TO THE ISLE OF THE GODS — BALI.



So rich in natural beauty Bali seems almost unreal.

A haven of volcanic mountains, lakes and rivers; of rice terraces glinting in the sun and white sandy beaches.

It breathes history and legend. There are temples and shrines; ceremonies, rituals, dances and everywhere the tinkling music of gamelan.

If there is an earthly paradise, surely this must be it.

Come experience the magic of Bali.



Fly there with the airline that knows Bali best, Garuda Indonesia.

Garuda Indonesia

ADVERTISING SECTION

ADVERTISING SECTION

Tourism (Continued From First Page)

clique, this "In Balinese, there is no word for stranger; the word we use actually means 'honored guest' is Bali Tourism Promotion Board hyperbole, but it is true that the Balinese and other Indonesian ethnic groups enjoy playing host to foreigners. The ready smiles and desire to please of hotel staff are genuine — and often the only compensation for service standards barely tolerable in backpacker-class dormitories.

The tourist infrastructure — at least for mid-range and budget tourists — is now developing of its own accord. Indonesia's burgeoning middle class discovered the vacation, leading the whole family into the Toyota for a two-week holiday with the same abandon as their counterparts in the West. Millions of Indonesians took to the highways during this year's Lebaran holiday season, staying at mid-range hotels and demanding non-traditional standards of service.

The government is paying attention to the changing demographics of Indonesian tourism. During the 1970s and early 1980s, tourism meant upper-middle class Australians and Europeans lounging in the antiseptic comfort of institutional style hotels, with everything from room rates to a soft drink on the beach denominated in dollars. The government pretended not to notice European backpackers sagging off the third-class train in Yogyakarta, or cowboy Aussies living it up for two weeks on Bali's Kuta Beach.

Left to themselves, the local residents of Kuta, Yogyakarta and a few other areas developed an efficient, practical, budget-tourist infrastructure, learning primarily from the tourists themselves. Literally hundreds of women — basic accommodations, usually attached to a residence — have sprung up in the tourist areas, along with restaurants serving plausible imitations of Western food.

Although improving facilities for high-rollers such as the walled-in, manicured tourist enclave at Nusa Dua in South Bali are still a high priority, the government is now attempting to organize and assist the small operators by making available low-cost loans for upgrading facilities. A new hotel rating system, weighted in favor of basic inns like dormitories, will not penalize an otherwise adequate hotel for such inappropriate matters as, for example, a poorly stocked wine cellar.

Business in Indonesia: Maddening, but Improving

Only a few misguided businessmen parachute into Jakarta expecting to set up operations with the same speed and efficiency as in the West. Most are prepared to deal with the peculiar and sometimes maddening realities of business life in Indonesia.

"Business here is based more on personal contact," Henk Adams of Rabobank said. "Anyone who comes to Jakarta for a few days to explain the procedures for a business venture, then flies away again expecting everything to be done when he returns, learns that is not the way to do business."

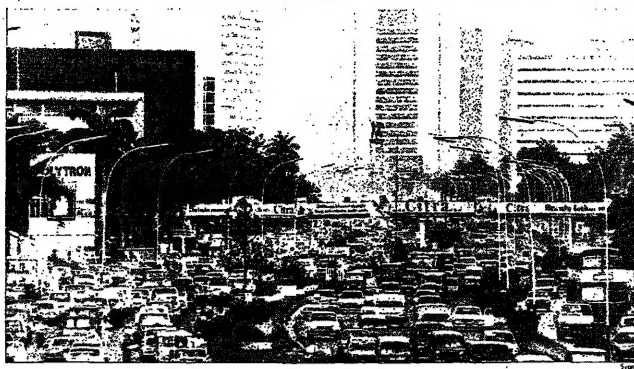
The typical hard-driving businessman who believes "Time is money" soon discovers that, far from being money, in Indonesia time is not even time. Most public clocks seem lost in their own timespace, in wild disagreement with each other — just like the government departments a businessman must deal with.

In an administrative environment best described as "neofeudalism," decisions are made usually by the highest echelons, both in government and the private sector. With the combination of this bottleneck and officialism's related attitude towards appointment schedules (and propensity for chatting), businessmen spend a lot of time in waiting rooms.

Even after receiving official permission, there is still the problem of obtaining the actual permits and licenses. As in many former colonies, the primary colonial legacy — in this case from the Dutch — is a ponderous, unwieldy, all-pervasive bureaucracy.

On the other hand, there can be much more room for flexibility in the Indonesian business environment. Because personal contact is so important, problems are more often solved by talking things over.

Once a business venture is under way, a new set of cultural difficulties arise. A manager of a large-scale project is generally insulated from the Indonesian labor force — subcontracting the headhunts out to local labor organizers and dealing only with highly educated and Westernized Indonesian professionals. But a smaller-scale administrator will find himself more fully immersed in Indonesian daily life. Indonesian in key positions can miss important meetings to attend family functions — and be deeply offended at the mere suggestion that work should take precedence over family obligations.



Rush-hour scene in busy downtown Jakarta.

But these traditional attitudes are changing. The new generation of college graduates is less reticent to speak its mind, whether the boss likes it or not. Corporations with extensive experience of operating in other cultures are attempting to instill Western concepts and attitudes.

Many larger Indonesian companies are striving for efficiency as they try to catch up to their ASEAN neighbors. Garuda Indonesia has been re-training flight attendants to improve their in-flight service. However, 30 French travel writers recently pleaded with Garuda president-director R.A.J. Lumenta not to go overboard on his efficiency drive.

"Leave your preconceived notions the way they are," one writer urged. "Unlike their sisters on other airlines with their artificial smiles, you know how they really feel."

"Companies operating in Indonesia must find a middle road," said Lumenta. "They should temper their drive for efficiency and discipline with an awareness of the traditional."

No one wants an airplane to fall from the sky, so Garuda maintains an admirable safety record with an all-Indonesian maintenance crew. However, as no one seems to particularly care if a Jakarta resident completes a telephone call, Jakarta's telephone service ranks among the worst of the world's capitals.

Finance: Strong International Presence

Hongkong Bank's first Indonesian Branch was opened in Jakarta in 1984.

Originally established to finance the export of sugar from Java to Hong Kong, the branch remains a leader in international trade finance. It is also positioned to handle sophisticated foreign exchange transactions as well as providing offshore finance and leasing opportunities to the many multinationals now operating in Indonesia.

Its relocation to the new business district of Jakarta places it in a strong position to respond to the challenges of Indonesia's future.

The Hongkong and Shanghai Banking Corporation — more familiarly known as Hongkong Bank — ranks among the 20 largest banking groups in the world.

Organized as a federation of local and finance service companies, the group has consolidated assets of almost U.S. \$78 billion and more than 1,200 offices in 55 countries.

Through this network, the group provides a comprehensive range of commercial banking, merchant banking, financial, investment and insurance services on a global basis to an international clientele which includes more than one-third of the world's 200 largest corporations.

The organizations within the group operate as autonomous units, offering extensive experience of their respective markets and fields of specialization. This assures customers of fast decisions and high quality of service, with access to the international network and resources of the whole group.

Commercial Banking: Asia-Pacific Region. The parent company, The Hongkong and Shanghai Banking Corp., has been a leading regional bank in the Far East and Southeast Asia for more than 120 years.

The Bank is firmly established as the premier commercial bank in its home market, Hong Kong, where it performs a number of the traditional functions of a bank, including the issue of the bulk of the territory's banknotes.

In recent years, the Bank has reinforced its dominant role in the

recall banking market through the introduction of the most advanced electronic banking systems. For example, together with Hang Seng Bank Ltd., a subsidiary acquired in 1965, the Bank operates a network of 471 automated teller machines in Hong Kong.

Established in 1863 primarily to meet the financing needs of companies trading with China, the Bank's close historical links with that market remain firmly in evidence. The Bank is both the most active and the most widely represented — with three branches and four offices — of any foreign bank in the People's Republic.

The Bank's historic role as the pioneer of modern banking in many other parts of Asia, including Japan, is also reflected today by its strong presence throughout the region.

The acquisition of the Mercantile Bank in 1959 extended the group's nationwide branch coverage in India and key Southeast Asian markets, while the group's international office network links all the major financial and business centers of the Asia Pacific with their counterparts around the world.

In mid-1985, the group established Hongkong Bank of Australia, in which it holds an 80-percent share. The new bank is based in Melbourne with branches in Sydney, Perth and Brisbane. It is expected to play a key role in Australia's growing economic relations with Asia.

The Assurance, Acquired in 1980, the Bank's majority stake in Marine Midland Bank — the 16th-largest commercial bank in the United States — has given the group a major presence in New York State.

Marine Midland is a leading force in consumer and middle-market banking with sophisticated capabilities in the domestic and international capital markets.

Under a recently concluded agreement, Marine Midland will acquire First Pennsylvania Corp., when interstate banking regulations are relaxed in 1990. It also has investments in banking companies in Ohio, New Jersey and Michigan.

Established in 1981, Hongkong Bank of Canada, which is

based in Vancouver and has 12 branches across the country, gives the group nationwide coverage of the Canadian market.

Both directly and through Marine Midland, the Bank is also represented in the major markets of Central and South America.

Middle East. The Bank's wholly owned subsidiary, the British Bank of the Middle East, was acquired in 1959. Originally opened in 1869, BBME is the largest overseas bank operating in the Gulf region.

Complementing BBME's strength in the Gulf, the group holds minority interests in Hongkong Egyptian Bank SAE, The Saudi British Bank and The Cyprus Popular Bank Limited.

Europe. In addition to the Bank's long-established branches in the United Kingdom, its European network meets the international banking needs of customers in West Germany, France, Italy, the Netherlands, Switzerland, Spain and Sweden.

Merchant Banking and Capital Markets. The Bank established Wardley Ltd. in 1973 to specialize in merchant banking operations, including corporate finance, project finance, advisory services and fund management activities.

Wardley today ranks as the leading merchant bank in Hong Kong. Its subsidiaries in Australia, New Zealand and the Middle East are major merchant banks in their respective regions, while associated companies, such as Korea International Merchant Bank

and Urama Wardley Berhad, give the group an important stake in the emerging merchant banking markets of Asia. Equator Bank specializes in the African market.

The group has made two highly significant acquisitions in the key London and New York markets in recent years — James Capel & Co. in the U.K. and Caroll McEntee & McGinley Inc. in the U.S.

James Capel, which became a wholly owned subsidiary in 1980, is one of the City of London's top stockbroking firms. It is a leading player in the U.K. government securities market and has substantial research and dealing capabilities in the international equities markets. James Capel Bankers Ltd. is the group's merchant banking arm in London.

Carroll McEntee & McGinley is one of 35 primary dealers in U.S. government securities and is currently building up its international operations in London, Tokyo and Singapore.

As the volume of trading in financial instruments of all kinds continues to grow, the group places priority on building up its global capital markets capability. Both directly and through Marine Midland, Wardley, James Capel and CM & M, the Bank is already well-placed in this area in the Hong Kong, New York, London and Singapore markets and is actively building up its presence in Tokyo.

Garuda Forecasts Return to Profitability

When Reyn Aldin Johannes Lumenta took over as president of Garuda Indonesia in November 1984, few envied the task he faced.

But since that date, the changes made by the new president have rapidly reversed the fortunes of Indonesia's national airline, which is now in a position to forecast a return to profitability in 1987.

Indicative of the wide-ranging changes made by Lumenta is the new \$1.1 million corporate identity designed in late 1985 by London Associates, a San Francisco-based consultancy firm specializing in airlines. It will be implemented over a two-year period.

Lumenta says the new identity, which is being applied system-wide to aircraft exteriors, interiors, uniforms, tickets, printed material, baggage tags and so on, signifies the positive changes taking place at the airline.

The scale of the problems facing Lumenta in 1984 are best measured in financial terms: the airline had recorded a loss of \$76 million in that year, and had total debts in the region of \$1.2 billion.

Garuda's annual loss was sliced more than half in 1985, to \$30 million, and overall debt was reduced to \$695 million. Though Lumenta had originally felt the airline could break even this year, the cost of introducing new services means that a small loss of \$15 million will probably be recorded.

Debt should be reduced to \$628 million this year, and the airline hopes to have cleared existing debt by 1994. Finance charges this year are put at \$230 million, compared with \$252 million in 1985.

Turnover increased 0.6 percent, to around \$670 million in 1985, and this year the airline expects a minimum 10 percent increase to \$746.4 million. In the first six months of this year, turnover increased by 18 to 19 percent.

The main factors behind the financial improvements are the introduction of a new executive class in August 1985, the launch of several new services, and the closer attention which is being given to service standards.

The new business class cabins are enabling the airline to sharply increase the earnings per passenger carried, new services have improved the number of hours flown daily by each aircraft, while the closer attention to service standards is slowly winning back passengers.

In line with government policy to increase earnings from the tourism industry, Garuda began agitating a series of joint service agreements with foreign airlines for flights to Bali, Indonesia's major tourist draw, using Garuda aircraft.

Singapore Airlines, Continental Air Lines, Cathay Pacific, Malaysian Airlines System and KLM Royal Dutch Airlines now operate joint services to Bali with Garuda. More new services are planned.

In November, Garuda will introduce a once-weekly DC10 service to the U.S.-routed Jakarta-Bali-Bahamas-Los Angeles, departing on Sundays. In the same month, new services from Bali to Amsterdam and Bali to Taipei are due to be introduced. Also in the pipeline is a weekly joint service to Paris with UTA French Airlines, probably to be launched in 1987.

Other new flights planned for 1987 include Stockholm or Copenhagen on Europe routes, Auckland in New Zealand, Brisbane in Australia and Seoul in South Korea. Garuda is also interested in flying to Osaka and has held talks with Thai International on a Bangkok to Bali service.

So successful have new services been in using Garuda's excess aircraft capacity that Lumenta now talks of leasing additional aircraft in 1987 for some domestic services.

The airline would probably lease 100-seat aircraft because Indonesia is now building its own 100-seat plane, and Garuda's objective is to have an entire domestic fleet of locally made aircraft by the end of this century.

Said Lumenta, the improvement of service standards has been top priority since he took over. Staff morale was then at an all-time low, but Lumenta's decision to immediately increase salaries boosted morale immeasurably. Pre-flight, in-flight and post-flight services are now all being carefully monitored.

These changes contributed to almost 125,000 more international passengers in 1985. Further increases this year have resulted in the passenger load factor on international services reaching 60 percent in the first six months, compared with 42 percent a couple of years ago.

To stimulate tourist traffic to Indonesia, Garuda introduced the Visit Indonesia Air Pass (VIAP) in April 1985. Three passes are available, covering from five to 35 cities and priced from around \$300 to some \$500. Validity of the pass ranges from 10 nights to 60 nights, and it is available to Garuda passengers originating from international points.

The VIAP has contributed substantially to the development of tourism in Indonesia by making remote areas more accessible.

The airline is now also marketing itself more aggressively, and will spend in the region of \$113.2 million on marketing this year, representing some 18 percent of expected turnover.

Some \$127 million will be spent this year on the production of promotional publications on various tourist destinations in the country.

Well-coordinated in Indonesia



Doing business in foreign waters can be difficult. You need a bank which is well-coordinated, able to give you many viable perspectives, yet one manageable whole. You need HongkongBank: the bank that's been guiding business in Indonesia for more than 100 years.

On top of that, HongkongBank has well over a century's experience exploring and developing Asian trade and commerce and has offices that are not only well-coordinated in Indonesia, but also in the rest of Asia

and the world. HongkongBank has over 1,200 offices in 55 countries.

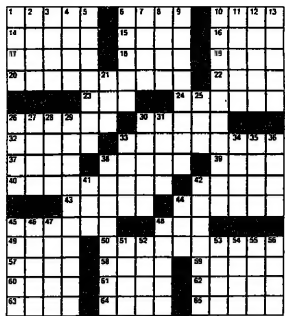
So, while other banks are still testing the waters in Asia, HongkongBank's knowledge of business currents will help steer you towards success.

Contact us in Indonesia at our Principal Office, Wisma Hayam Wuruk, Jalan Hayam Wuruk 1, Jakarta; our London Office at 99 Bishopsgate, London EC2P 2LA; or at any branch of the HongkongBank group.

HongkongBank
The Hongkong and Shanghai Banking Corporation

Major offices in Asia include:
Singapore • Jakarta • Hong Kong • Kuala Lumpur
The British Bank of the Middle East • Hongkong Bank of Australia • Hongkong Bank of Canada • London
Hankow • Japan • Cape Town • New York • Sydney
• Amsterdam and other European cities
• Universal Banking

Fast decisions. Worldwide.
COMMERCIAL BANKING IN ASIA AND THE PACIFIC
ESTABLISHED 1841



ACROSS

1 Hebrew prophet
6 Branch of the mi.
10 Frod
14 Vacuous
16 Precious
17 Currency Lou.
18 At hand
19 Where 21
20 Down lies
21 "Star" in a garden
22 Money drawer
23 Wild Western
24 Gunwale parts
25 Optis
26 Like some infections
27 What's a con? (4)
28 Cougar or lynx
30 "What's for me?"
31 Starchy
32 Foodstuff
33 Asben
34 Religious instructions
35 London, e.g.
36 Wiesbaden's river
37 Type of intolerance
38 Taipei is its capital
39 Collegian's
40 Venezelean mining town

DOWN

50 Dare
51 Slender or small, in Savoie
52 Sub in a tub
53 Evergreen shrub
54 Plain container
55 General McArthur's rejoinder
56 "Star" in a garden
57 "Sustineo" motto of
58 Other
59 A son of Caleb
60 King Hiram's city
61 File abbr.
62 Caro's conqueror
63 Haul
64 Can cordial
65 Jivers
66 Neighbors of anguim
67 Germ
68 Of grand-
69 Parents
70 Ramshackle tenement
71 Describing certain unalike takes
72 Aristotle, to Plato
73 Serviceable

PEANUTS

SOME PEOPLE STAY IN THE SAME PLACE ALL THEIR LIVES.

NOT ME. WHEN I GROW UP I'M GONNA MOVE ON!

YOU'RE NOT GONNA CATCH ME LIVING HERE FOR THE REST OF MY LIFE.

YOU DON'T LIKE HERE? WHERE ARE WE?

PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



BOOKS

ON ACTING

By Laurence Olivier. 397 pages. \$18.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N.Y. 10020.

Reviewed by Jonathan Yardley

LORD OLIVIER will be 80 years old next May, and in recent years he has undergone his full share of debilitating illness and medical treatment, but as far as he is concerned "I am seventeen going on eighty." Late in his life, at an hour when he is certainly entitled to rest and reflection, this most distinguished of 20th-century actors still chooses at the bit: "Memory is one thing, but action is for the immediate man. I still feel immediate. Every morning when I wake I think, To hell with the doctors, the temperature takers, the people who tamper with you like a prevaricating cook, telling you to sit in your wicker chair in high summer and muse. I should be out there where I belong, on the plank of wood that we call the board. I should be out there looking for the old enemy at war and trying to persuade them to believe it, to see it my way. I should be sailing away with my head tilted slightly towards the gods, (sitting on the caviar of Shakespeare. Eyes telling all, and each member of the 'congregation' thinking I am talking to him or her personally. I was made to perform, and it is not easy to be put out to grass."

Though his appearance onstage has necessitated his being in recent years only two years ago he played Lear for television and he continues to accept film roles. He also retains an undiminished enthusiasm for talking about his craft, supplementing his autobiography, "Confessions of an Actor," with "On Acting" because "I realize that I have found them most fascinating, and their construction still remains clear in my head. I can still see and feel them as though they were happening now. Unlike those of other parts, the lines have

remained with me. They are part of me and I am part of them. The older I grow, the more I seem to understand them. What a shame I can't play them again." Especially Hamlet: "Hamlet is pound for pound, in my opinion, the greatest play ever written. It towers above everything else in dramatic literature. It gives us great climates, shadows and shades, yet contains occasional moments of high comedy. Every time you read a line it can be a new discovery. You can play it and play it as many times as the opportunity occurs and still get to the bottom of its box of wonders. I think each day about it. I'll never play him again, of course, but by God, I wish I could."

His comments on other roles are rather more unconventional and entertaining. In Othello, Othello as "a loser from the word Go" who tempts an actor "to show off and blow away from the bottom of the box of wonders. I think each day about it. I'll never play him again, of course, but by God, I wish I could."

"I suppose one of the reasons people are it is an actor is that it is usually played by an elderly actor. The audience spend most of the evening on the edge of their seats fearing that the performer will have a seizure at any time. At the end of the evening, when the ancient star inches his way down to the center of the stage and nods his tired head towards his exhausted public, he does not realize that the appreciation, the tumultuous applause, the accolades that are hurled towards his feet are not for his rendering of the Bard's great lines, but come out of relief that he is still standing and has not left for the Great Greenwood."

Throughout, Olivier presents himself as a thorough professional. A role is a job, to be done as skillfully and meaningfully as possible, but to be left at the office when the day is done. "People who can't do that suffer very much, and I don't think it's good for them." But beneath his manner of cool is a deep well of passion, as he leaves no doubt in a paragraph that summarizes this illuminating book:

"I have been acting all my adult life. And it has been good. It has been good to me and I have stood by it. It has given me much joy and some sorrow. It has taken me to places that otherwise I would not have seen. It has given me the world and great happiness. It has brought me friends and good companionship, camaraderie and brotherhood. It has taught me self-discipline and the sensitive eye of the observer. It has enabled me to love my fellowmen. It has clothed me, watered me, fed me and spared me from a bowler hat and a nine-til-five desk. It has given me cars and houses and holidays bright days and cloudy ones. It has introduced me to kings and queens, presidents and princes. It has no barriers. It has no class. Whatever your background, if acting decides to embrace you and take you to its heart, it will change your world overnight and replace them with glass slippers."

Jonathan Yardley is on the staff of The Washington Post.

BRIDGE

By Alan Truscott

IN the early days of contract bridge there was much disagreement about terminology. In a social evening one would hear "jump takeout" for "jump shift," "business double" for "penalty double," and "informative (or informational) double" for "takeout double."

West was looking forward to bidding and playing a hand. He had one of his three suits, and was considerably frustrated to hear his opponents bid heartily to

West bid a spade, and South ruffed in dummy and led the heart king. East covered with the ace. South had no trouble after ruffing, the draw trumps ending in dummy, and ruffed out the heart queen to make the doubled sacrifice. East was stung in shock, but North, overjoyed for a wit-



"How old was little Red Riding when she and Robin got married?"

JUMBLE

When you invite someone to an out-
rageously expensive restaurant

YEGEL

ZIERP

LAVASS

TRUFOH

Answer: IT

WEATHER

EUROPE	HIGH	LOW	WIND	PRECIP.
Algeria	64	52	W 10	0
Amsterdam	54	44	W 10	0
Antwerp	54	44	W 10	0
Berlin	54	44	W 10	0
Bombay	84	74	W 10	0
Buenos Aires	64	54	W 10	0
Calcutta	84	74	W 10	0
Canton	84	74	W 10	0
Cebu	84	74	W 10	0
Colon	84	74	W 10	0
Hankow	84	74	W 10	0
Hong Kong	84	74	W 10	0
Kobe	64	54	W 10	0
London	54	44	W 10	0
Lyons	54	44	W 10	0
Manila	84	74	W 10	0
Medan	84	74	W 10	0
Osaka	64	54	W 10	0
Paris	54	44	W 10	0
Perth	64	54	W 10	0
Port of Spain	84	74	W 10	0
Rangoon	84	74	W 10	0
San Francisco	64	54	W 10	0
Singapore	84	74	W 10	0
Sourabaya	84	74	W 10	0
Tientsin	84	74	W 10	0
Yokohama	64	54	W 10	0
Yokohama	64	54	W 10	0

World Stock Markets			
Via Agence France-Presse Nov. 12			
Closing prices in local currencies unless otherwise indicated.			
Market	Index	Change	Previous
Amsterdam	1110	+10	1100
Bombay	1110	+10	1100
Calcutta	1110	+10	1100
Canton	1110	+10	1100
Cebu	1110	+10	1100
Colon	1110	+10	1100
Hankow	1110	+10	1100
Hong Kong	1110	+10	1100
Kobe	1110	+10	1100
London	1110	+10	1100
Lyons	1110	+10	1100
Manila	1110	+10	1100
Medan	1110	+10	1100
Osaka	1110	+10	1100
Paris	1110	+10	1100
Perth	1110	+10	1100
Port of Spain	1110	+10	1100
Rangoon	1110	+10	1100
San Francisco	1110	+10	1100
Singapore	1110	+10	1100
Sourabaya	1110	+10	1100
Tientsin	1110	+10	1100
Yokohama	1110	+10	1100
Yokohama	1110	+10	1100

Tours			
Tour	Price	Change	Previous
Amsterdam	1110	+10	1100
Bombay	1110	+10	1100
Calcutta	1110	+10	1100
Canton	1110	+10	1100
Cebu	1110	+10	1100
Colon	1110	+10	1100
Hankow	1110	+10	1100
Hong Kong	1110	+10	1100
Kobe	1110	+10	1100
London	1110	+10	1100
Lyons	1110	+10	1100
Manila	1110	+10	1100
Medan	1110	+10	1100
Osaka	1110	+10	1100
Paris	1110	+10	1100
Perth	1110	+10	1100
Port of Spain	1110	+10	1100
Rangoon	1110	+10	1100
San Francisco	1110	+10	1100
Singapore	1110	+10	1100
Sourabaya	1110	+10	1100
Tientsin	1110	+10	1100
Yokohama	1110	+10	1100
Yokohama	1110	+10	1100

TRAVEL

ENTER EVERY TRAVEL AGENCY FOR THE LATEST INFORMATION ON TRAVEL TO THE WORLD'S MOST EXOTIC DESTINATIONS. ALSO ARTICLES ON TRAVEL.

Still, no late

